

profile...

Low profit margins of 1954 dictated Geigy's complete remodeling in 1955. Sales for '58 are expected to shoot far ahead of the 1956 low

FROM THE MAGIC of alchemy, to the marvels of chemistry." That effective bit of Madison Avenuism hits a visitor's eyes at the front door of Geigy Chemical Corporation's suburban New York headquarters—and it truly sums up the 200-year history of Geigy's Swiss parent.

The tale is long and multilingual, covering nearly all facets of the world's chemical industry. J. R. Geigy is among a tiny handful making up the oldest chemical firms still running. Its 1758 founding antedates our Declaration of Independence by nearly a score of years. While its contributions in dyestuffs, drugs, and other chemicals are well known, the most familiar one—and possibly the most significant—can be written in three letters: *DDT*.

Justifiably proud of this background, Geigy's U. S. agricultural chemical operation nevertheless keeps tradition in proper perspective. It keeps up with the times, and changes when necessary. Three years ago, for instance, Geigy Agricultural Chemicals completely reorganized, switching from its role as a broad line formulator to the extreme other end of the spectrum. Today it manufactures just six chemicals for farm use—technical grade DDT and five specialty pesticides and herbicides. Results of the turnabout? More unit profit, with 1958 sales half again as much as last year's, and more than 75% greater than in 1956.

Part of this rapid growth is due to new products. Geigy's Simazine herbicide moved well in such agricultural outlets as corn this year. Industrial markets for the product as a nonselective weed killer are sharply above those of '57. This chemical, 2-chloro-4,6-bis-(ethylamino)-s-triazine, is the first of a series of triazine compounds; Geigy plans to market several others in coming years. One, Atrazine, is planned for the spring of 1959. Area: post-emergence industrial weed control (Geigy sees it as a supplement to early acting Simazine for a full program). Another, Trietazine, is selective against weeds in

potatoes, tobacco, and peas; a third offers selectivity for use on cotton; yet another for soybeans. Each is now undergoing radioactive tracer studies to establish residue levels, if any.



The President . . .

George R. Ferguson

Enthusiastic About Herbicides

But Geigy's story still is largely a story of DDT. Today the company is one of the four major U. S. producers (together accounting for more than 80% of total 1957 domestic output of 125 million pounds). Perhaps surprisingly, in view of the stream of new insecticides, the DDT market again seems to be growing. Geigy's 1958 DDT sales are up smartly. Part of the reason for the surge: Government buying for domestic use and international aid. Through June, The General Services Administration took 35 million pounds. The Public Health Division of International Cooperation Administration will have bought some 60 million pounds by the end of this year to cover its 1959 needs.

While 1958 is the best year for DDT sales in the past five, profit margins are far lower than in the early years. Tightening margins forced many out of DDT in past years—and have forced

those that remained to trim manufacturing and distribution costs to the bone. Now overseas plants keep whittling away at U. S. outlets, and every new insecticide that is launched preempts a bit of DDT's existing market—but sales still hold up.

Several years after Paul Mueller (working in J. R. Geigy's Basle laboratories) had discovered DDT's insect-killing powers, a small consignment—just 100 pounds of a 5% powder—reached Geigy's downtown New York offices. That was in late summer, 1942. By October, Geigy (U. S.) chemists had been impressed and turned some over to entomologists. A near miss almost ended the project, when the Mexican bean beetle and pea aphid, both relatively insensitive to DDT, were selected for initial tests. But spurred on by the military, USDA went to work on the product late in the year, and in 1943 its growth soared.

DDT's accomplishments in the latter part of the war are well known. During 1943 production burgeoned. From none at the beginning of the year, one producer, Cincinnati Chemical (partly owned by Geigy), reached a rate of 100,000 pounds a month at year-end.

Meanwhile, a young Ph.D. researcher was looking at the agricultural possibilities of the chemical for Geigy. His name: George R. Ferguson; in 1953 he took over as president of Geigy Agricultural Chemicals.

After the war the Government released the chemical, and Geigy started selling Cincinnati's production to civilian outlets. In 1948 it started an over-all formulating business to supplement its DDT activity—including among its products copper fungicides and BHC. Three years later, it had six major formulating plants and four smaller dust-mixing sites.

With major emphasis on DDT, Geigy at that time marketed all types of agricultural chemicals. More than 50 salesmen were in the field. Ferguson notes that with rapid acceptance by farmers and the impetus of the Korean War, prices were good and profits were realized by most of the agricultural chemicals industry. But beginning in 1952, things tapered off; the industry found itself with surplus capacity, and many small formulators in business.

By 1954 prices were so low, and profit margins so reduced, that operations were relatively unprofitable for Geigy. At the end of the 1955 season Geigy decided the business outlook called for a complete reorganization. And with a real show of courage, it set about the remodeling. Research had come along with new products, so

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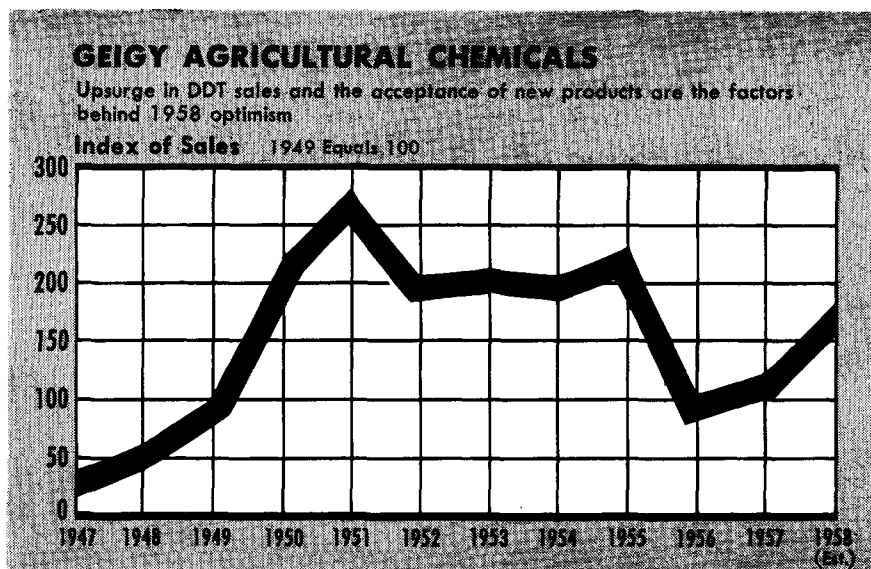
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the company decided to sell DDT and four (now five) other compounds. The sales force was cut, and formulating plants were sold to Diamond Alkali and Olin Mathieson.

As expected, total turnover dropped in 1956—but Ferguson was building. “No competing with customers” became the new watchword, and growth was resumed. Today Geigy sticks with the positive sales effort behind DDT and its five “specialties.” Field

sales and technical staff is up to 24—all technically qualified to handle chemical and agricultural problems. Geigy works with a two-step distribution system—no direct selling to the user, regardless of his size. Geigy’s agricultural chemical operations today employ over 200 people.

What about the future? Geigy is most optimistic about agricultural chemicals in general. Ferguson is keenest about herbicide development,

“... a field that hasn’t been fully exploited. Today’s greatest farm problem is labor—it is both expensive and undependable. Herbicides are a great labor-saving device.” Grass problems in southern cotton fields this year illustrate the point well.

The company’s methoxychlor sales are now holding steady. Grain bin spray outlets have offset the loss of market suffered when establishment of a zero tolerance for methoxychlor in milk halted dairy cattle spraying. The material may still be applied to dairy animals in dust form. Diazinon and Chlorobenzilate are growing well, while the firm’s Sequestrene metal chelates still offer an important potential.

Ferguson feels that the agricultural chemicals industry as a whole still must change its ways of thinking and marketing. “We cannot just mass distribute any more. Selling to large farming units is like selling to chemical manufacturing plants, a technical sales and service problem. The agricultural chemicals industry must think in terms of today’s specialized and technologically advanced agricultural producer, and adopt appropriate programs.”

Geigy’s success today shows the worth of Ferguson’s ideas for keeping up with the times.

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