First Mississippi Corporation

Contents: The first twenty-five years of the First Mississippi Corporation

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First Mississippi Corporation
The First Twenty-Five Years

J. KELLEY WILLIAMS
"Were American Newcomen to do naught else, our work is well done if we succeed in sharing with America a strengthened inspiration to continue the struggle towards a nobler Civilization — through wider knowledge and understanding of the hopes, ambitions, and deeds of leaders in the past who have upheld Civilization's material progress. As we look backward, let us look forward."

—CHARLES PENROSE

(1886-1958)
Senior Vice-President for North America
The Newcomen Society
for the study of the history of
Engineering and Technology
(1923-1957)
Chairman for North America
(1958)

This address, dealing with the history of the First Mississippi Corporation, was delivered at a "1982 Mississippi Meeting" of The Newcomen Society in North America held in Jackson, when Mr. J. Kelley Williams was the guest of honor and speaker, May 17th, 1982.
"I hope that we will be able to build on the base that we've developed, but I wouldn't hesitate to depart from it if external opportunities or problems indicated that that was the thing to do."

—J. Kelley Williams

First Mississippi Corporation

The First Twenty-Five Years

J. KELLEY WILLIAMS
MEMBER OF THE NEWCOMEN SOCIETY
PRESIDENT AND CHIEF EXECUTIVE OFFICER
FIRST MISSISSIPPI CORPORATION
JACKSON, MISSISSIPPI

THE NEWCOMEN SOCIETY IN NORTH AMERICA
NEW YORK EXTON PRINCETON PORTLAND
1982
INTRODUCTION OF MR. WILLIAMS IN JACKSON, ON
MAY 17TH, 1982, BY MR. LEROY P. PERCY, CHAIR-
MAN OF THE BOARD, FIRST MISSISSIPPI CORPORATION
AND MEMBER OF THE MISSISSIPPI COMMITTEE IN
THE NEWCOMEN SOCIETY IN NORTH AMERICA

My fellow members of Newcomen:

It's a privilege for me to have the pleasure of introducing our speaker this evening. And also an opportunity to express our appreciation to Newcomen for honoring us on our 25th birthday party.

One of our First Mississippi Board members from out-of-state belongs to The Newcomen Society in his state. He asked me a question about Mississippi Newcomen which I would like to pass on to Don Lutken. He wanted to know if it was part of our charter or by-laws that you had to be President of Mississippi Power & Light in order to be Chairman of Newcomen. How about it Don?

Several years ago Don mentioned to me the possibility of First Mississippi being honored by Newcomen. I suggested that maybe we should wait awhile since we seemed to be doing pretty good at the time, and I was superstitious that if we had a chance to brag about ourselves it might change our luck.

Don made an end run around me to Kelley Williams with the idea, and Kelley accepted with delight. I told Kelley of my superstition, and he told me to forget it. He said Reagan was to be inaugurated in a few months and that he, Kelley, personally knew Stockman, Laffer and Kemp, and things were going to be better than ever. I recall the day we had that conversation our stock was trading at $27.00. Today it closed at $11.00. Now, I'm not mad at Reagan, or Stockman, or Kemp, or Laffer, or Kelley. I'm mad at Don Lutken.

The list of people who have contributed to the success of First Mississippi for the last twenty-five years is a long one; to name but a few, the original investors who were willing to take a chance on a new concept; the 21 original directors who were willing to give of their time and risk their reputations on a chancey project.
But, in fact, two men constituted the driving force that created First Mississippi and shaped it into the company it is today. One of them happens to be the senior member of our board of directors, and the other is the junior member.

Owen Cooper had the vision to conceive of the need for such a company and had the drive and leadership to make it become a reality. His motivation was as much altruistic as it was profit-oriented. He wanted to prove that we here in Mississippi need not rely on outside help to create jobs and produce goods at a profit. Owen, indeed, was the founder with a capital “F.”

As it turned out, we met with indifferent success during our first ten years.

In 1969 our President, Jack Babbitt, resigned and went with Williams Companies. Owen and I were made a committee of two to find a new CEO. But while we were looking we had to find someone to keep the store. We made Kelley Williams vice president and general manager. Kelley had been serving as head of corporate planning, but we had no idea as to his executive ability.

The more people Owen and I interviewed the better Kelley looked. We elected him president and CEO in 1971, at the mature age of 37.

Kelley is a native Mississippian, has a B.S. in Chemical Engineering from Georgia Tech and an M.B.A. from Harvard Business School. He and his charming wife, Jean, have three sons, all of whom are excellent tennis players, and some of whom can beat their dad. While attending to First Mississippi, Kelley has not neglected his duty to his community. He serves as trustee for three educational institutions, is on the boards of United Way and Mississippi Economic Council, and currently serves as chairman of the Young Presidents’ Organization.

During the past ten years under his able leadership, we have become a well-diversified company instead of essentially a one-commodity producer.

And while this was taking place, Kelley took us from the bush leagues to the major leagues, having gotten us listed on the New York Stock Exchange in 1975.

Kelley has all of the qualities needed to make a successful CEO, including being willing to take a gamble now and then. In fact, he was described in one of the business journals as “The Mississippi River Boat Gambler.” But the following facts will show that he doesn’t draw to inside straights.

Listen to this Kelley Williams arithmetic. If you had bought one share of stock the day Kelley was elected president on November 17, 1971, it would have cost you $5.00. Over the past ten years, through stock dividends and stock-splits, that one share today has increased to eleven and a quarter shares, with a current market value of $11 per share.

This impressive record tells more about our CEO than all of the eloquent praise I could muster.

It gives me great pleasure to introduce to you our president, Kelley Williams.
My fellow members of Newcomen:

It is an honor and a pleasure for me to present the story of First Mississippi Corporation tonight. This is the twenty-fifth anniversary year of the founding of the company. So it is an appropriate time according to tradition to look back and take stock.

But LeRoy, if I had known when Don Lutken first conveyed the invitation almost two years ago that:

The farm economy would be in the worst shape since the great depression causing us to have to shut down our Fort Madison fertilizer operation,

Unemployment would be at its highest level in forty years,

The energy shortage would turn to glut and energy companies into pumpkins,

and our stock price would be down over 50% from its former high.

If I had known all these things, I think I would have suggested for you to checked to see if I could arrange for you to make this presentation.

We missed our timing just a little. But tonight, as is customary at these occasions, we are going to take the long panoramic view. So perhaps the instant situation is not so important in this context and perspective.

It is interesting how your perspective influences your perceptions and opinions. My initial perception about First Mississippi from my perspective as a new employee in 1966 was that it was an unusual company—in some respects maybe unique.

The company was ten years old then. Although small, it was involved in some of the most ambitious projects with some of the most creative financing I had ever seen before or since. That was unusual. But what was more unusual was that the company was even in existence.

By all rights it should have folded as a result of one disastrous project after another in the years following its founding. It survived because of the tenacity of those original directors and founders who hung in there through the early years of disappointment. The unusual thing is that these men founded the company not for personal gain but to help develop Mississippi's business economy. There was no promoter stock. No underwriter's fees. Total expense of raising $5 million original capitalization was about $50,000.

Perhaps if the company had been founded for the usual reasons it would not have survived. Or perhaps it would not have gotten into trouble in the first place.

There are with us tonight many of those founding directors, I would like to introduce them: Frank Allen, Owen Cooper, Alf Dantzler, Emmitte Haining, Bob Hearin, Morris Lewis, Jr., Dwain Luce, Billy Mounger, LeRoy Percy, Reggie Smithson, and Bill Walker.

I would also like to say to David Anderson whose father, Fred Anderson, Jr., the first president of the company, died in 1964, too soon to see the success of the company he helped create, I wish your dad could be here tonight.

There is something else unusual about these founding directors. They all served without compensation during all those early years of problems and trouble. So did Fred Anderson as president and Owen Cooper as chairman. So did LeRoy Percy, later during two terms as president, when, as he said, things were so bad no one else would take the job. LeRoy told me, that during those years, when he and the other directors weren't being compensated, a stockholder once told him he wasn't sure they were worth that much.

The company also survived those traumatic early years because of the perseverance and resilience of officers and employees like Jack Babbitt, the first general manager and later president. Unfortunately Jack could not be with us tonight as he is in Saudi Arabia. We are pleased to have two members of that original management group with us: Charlie Allen, former vice president, and Jim Bellah, vice president, still active with the company.

I found something else unusual. While the company had survived disaster, and its directors and managers had learned from and been conditioned by that experience, the spirit had not been broken. There was an aggressive, creative atmosphere. There was the attitude that
problems are to be expected and to be overcome as part of progress and growth. There was no feeling of let's play it safe now but rather a feeling of let's get on with the job we started to do.

And the company did. Many people contributed, including employees already recognized and four new directors who are here with us tonight: Jack Castino, Jimmy Crook, Maurice Reed and Frank Smith. You will hear from others who played a part in the presentation that follows.

From my perspective now some fifteen years later, I still find the company unusual. Governor Winter, the company has grown beyond Mississippi. We have stockholders in every state and in many foreign countries. But we are still looking for ways to help Mississippi's economic development.

The company pays its directors now. And its chairman. And of course its employees too, many of whom, like me, are native Mississippians who found with First Mississippi an opportunity to come home.

But I think all of us are still motivated by that original dream: to create, to build, to grow, and to do some good in the process not just for our stockholders, customers, employees and other constituencies, but for our state and the communities and other states in which we operate.

In both words and pictures, it is my privilege now to present the FMC story.

The roots of Mississippi's economy in the 1940s... were planted in the ground. Other parts of the country were tied to heavy industry. Mississippi's people still counted on agriculture. But the state's leadership was beginning to decide that Mississippi needed business and industry. One man had a good idea to meet that need, an idea that became First Mississippi Corporation. This is the story of that idea and what has happened to it in the last 25 years.

First Mississippi Corporation, like the state whose name it bears, has its roots in agriculture. You can't talk about the beginning of First Mississippi without also talking about Mississippi Chemical Corporation and a man named Owen Cooper, the father of both companies.

World War II had come and gone but for Mississippi farmers, it left a legacy: a serious shortage of nitrogen fertilizer. Mississippi Delta farmers stood to lose 30 percent of their potential cotton crop without enough fertilizer. It was clear to the farmers that there was only one way to make sure of a steady supply of nitrogen fertilizer. Make their own.

On December 13th, 1947, farmers working through the Mississippi Farm Bureau approved sale of stock in a new company to build and operate a plant that would manufacture anhydrous ammonia, and would be owned by the farmers themselves. The feasibility of constructing the plant, and its chances for success, had already been demonstrated at a series of meetings around the state led by Owen Cooper, executive director of the Farm Bureau.

In less than 18 months, $3 million had been raised for the new farmers cooperative, called Mississippi Chemical Corporation. The Mississippi Chemical plant in Yazoo City was so successful that its capacity soon had to be doubled. The market price which the farmer-owners paid for the fertilizer was usually more than the actual cost of producing it. So the farmer-owners got the difference in a rebate, a "patronage refund," as it was called. This refund would be the key to the financing of First Mississippi Corporation.

One of the biggest obstacles to industrial and business development in Mississippi was a lack of capital. Most of the necessary investment capital came from the same place as new industry; from out of state. Owen Cooper wanted to change that and finance new business with Mississippi's own equity capital. One day, Cooper had an ingenious idea how to raise that capital. He took it to his good friend and fellow Mississippi Chemical board member, LeRoy Percy.

OWEN COOPER: "LeRoy Percy probably has contributed more to the industrial development in Mississippi than he gets credit for, and probably I get more credit than I deserve. But LeRoy was always responsive to constructive ideas regarding the expansion of Mississippi Chemical and also the development of new operations such as First Mississippi Corporation."
The first step was to raise capital, and the easiest way to raise capital was from folks you had already secured capital from previously, and had established a reasonable degree of credibility with. So we asked those people to invest, and they could indicate on the postcard the extent of their participation, so actually postcards were used.

Part of it was personal confidence in those involved in the venture, and part of it was the fact that a lot of those people, too, were committed for the development of new businesses in Mississippi that would be owned in Mississippi, that would have their headquarters in Mississippi, that would have their technical staff, their operating staff, their managerial staff in Mississippi.

"Yes, I'm an optimist. You almost have to be an optimist to start new ventures. I try to mix enough realism with my optimism to make it practical. I had no idea the company would assume the proportion it has now. I could not be that visionary."

On March 19, 1957, Governor J. P. Coleman signed a charter listing 21 incorporators who represented a cross-section of Mississippi business. Their venture capital experiment was a first for Mississippi. So the incorporators called their company—First Mississippi Corporation.

Soon, Owen Cooper's financing plan was swung into motion. Cooper had thought of a way to make stock sales easy and efficient. At Mississippi Chemical patronage refund time, the company enclosed a postcard allowing each patron a choice: get his refund check, or apply the refund to First Mississippi stock. Cooper's personal reputation was so strong that within six months the company had raised a million dollars just by mailing penny postcards. A total of $5 million was raised from this source and other stock sales.

With the well-respected Fred Anderson of Gloster serving as part-time president, the new company began to look for ways to help Mississippi industry and its stockholders at the same time. Before long, First Mississippi had found more ways than it could possibly use.

More than two thousand proposals were offered to the company in its first year. Many of them dealt with companies with problems, or companies in trouble. Few of the proposals were in fields where the new management group or the directors had any experience.

In its early days, First Mississippi bought into several unrelated businesses. Swimming pools. Egg cartons. Piping. Animal food. Extruded metal. Real estate. Insurance. They all looked good on paper, but the reality was something else. Management was soon to find that if others had not been able to make a success of these ventures, the chances were against First Mississippi. Serious problems soon developed.

The board had found a full-time vice president for project development. He was Jack Babbitt, an engineer who had helped build the Mississippi Chemical plant. Babbitt's background wasn't in management, but he exemplified the take-a-chance spirit that was at the heart of the infant company. Soon, Babbitt would become general manager.

For four years, First Mississippi lived on the edge of disaster as it wrestled with its problems. Finally, management began to gain control and clean up the company.

The 1963-64 annual report contained both good news and tragic news. The tragedy was the death of Fred Anderson, one of the guiding lights of the company. LeRoy Percy, the capable businessman who had first listened to Owen Cooper's idea, assumed the presidency. The good news was that problem operations had been sold or improved, and for the first time, all remaining company operations were showing a modest profit. First Mississippi had made a decision to return to the fields it knew best; the fields that had given it birth. Fertilizers and chemicals.

Cooper and Babbitt had a plan. They met with CF Industries, a large farmers cooperative headquartered in Chicago. Cooper and Babbitt suggested that CF and First Mississippi form a joint venture to build a plant, and sell its products through CF. And so First Nitrogen, Inc. was formed to build a 1,000-ton-a-day anhydrous ammonia plant, a mammoth production facility that would make First Mississippi competitive with anyone in the world. At the same time, Mississippi Chemical ordered a duplicate plant for Yazoo City, Mississippi. These were the first two orders for the now-famous Kellogg single train ammonia plant design that was to become the industry standard around the world.

But now, the company faced a philosophical problem. The First Nitrogen plant had to be located on the Mississippi River to supply
CF. And the plant had to have access to large quantities of natural gas raw material. There were no suitable sites in Mississippi with both a river location and gas, so Babbitt began looking elsewhere. In 1965, he found a prospective supplier in Texaco. The oil company wanted a contract to baseload a pipeline extension up the west side of the Mississippi River. Donaldsonville, Louisiana, was chosen for the plant site. So began a chain of events which would make Donaldsonville the ammonia capital of the world, instead of Natchez or Vicksburg.

First Mississippi signed a 20-year contract with Texaco for natural gas for the new venture. It was a typical long-term fixed price contract with modest escalation. But it would become a very valuable asset later, as market prices increased rapidly from factors including inflation—and OPEC.

The First Nitrogen start-up in October 1966 was so successful that CF exercised a 7-year buyout option after only nine months. CF bought the plant for $4.4 million. First Mississippi had doubled its investment in less than a year.

Now it was time to expand in Donaldsonville, with a 1,000-ton-per-day ammonia plant and a 1,200-ton-per-day plant for urea, a solid nitrogen fertilizer. First Mississippi couldn't build the facilities alone. The company needed partners. It joined with Mississippi Chemical and its subsidiary Coastal Chemical to form a joint venture: Triad. Another long-term gas contract was executed with Texaco for Triad. Over the years, that contract, with its assured gas supply and favorable prices, has made Triad one of the lowest-cost producers in the world.

In the summer of 1967, about the time Triad was being planned, Kelley Williams, a young Mississippi Delta-born chemical engineer, joined First Mississippi as manager of corporate planning and development. The company would hear more from him.

Triad was not an instant success. The urea plant was the largest plant of its kind ever built at that time. It was based on proved technology licensed from a Dutch company, but Triad involved a larger-scale of production than ever before attempted. So some startup problems were expected. At first, things went well. In 1970, the Triad ammonia plant produced a world-record 368,000 tons, helping

lift First Mississippi's total income from operations from a $1.1 million loss to a $500,000 profit.

But the next year, an unanticipated corrosion problem developed in the urea plant, a serious problem which threatened the company’s survival. It was finally solved by First Mississippi and Triad people, who showed the Dutch licensor how to fix its own design. Mississippi-educated Charles M. McAuley, now First Mississippi vice president, was one of the main troubleshooters on the Triad problem.

CHARLIE McAULEY: “The plant had been running for several months when the first failure took place. And when we opened up the piece of equipment that failed, we were certainly shocked at what we saw. We made the repairs that were necessary to get it running again, and in a matter of a couple of weeks or so we had the same kind of failure again.

“We conferred with the people who designed the plant, and if you give them enough time, they would eventually solve it. But time was the one thing we just didn't have. I would say we spent probably a couple of years before it was really under control.
"The actual process of solving these problems is one of the most enjoyable things you can do in running a plant, simply because you can ignore all of the things that you normally can't ignore. You don't have to worry about a budget, because nothing you can do is going to cost you as much money as having that plant sit idle. You don't have to worry about good manners, even, at times. It's just get out and get the problem solved. And it's a lot of fun."

The giant size of the Triad urea plant gave low-cost product, but lots of it. In order to use the full plant output while the fertilizer market was being developed, Babbitt negotiated a joint venture with Ashland Oil Company to build a melamine plant using Triad urea as a raw material. Melamine is a plastic used for molding compounds, decorative laminates, resins and finishes. But start-up and design problems hampered this plant, too. Fortunately, other operations improved, giving a breathing spell until the melamine plant, Melamine Chemicals, Inc., could be made to run smoothly.

While the Donaldsonville complex was emerging, First Mississippi was also working to build a plant in Mississippi. It was the new First Chemical Corporation, created to run a $7 million chemical complex near Pascagoula, Mississippi, which has since grown to a plant investment of over $29 million. It would make aniline and related nitrated aromatic chemicals for the automotive, pharmaceutical, plastics and photographic industries. Though First Chemical's start-up was also troublesome, the company prospered, and later helped carry First Mississippi when fertilizer prices fell with the fertilizer cycle. Its ultimate success reflected a new management philosophy: diversify to protect the company against unfavorable effects of the fertilizer cycle.

One of the key units in the First Chemical plant used technology licensed from a Swiss company. Dr. Herb Jordan, First Mississippi chemical engineer and a native Mississippian, modified and improved the technology so successfully that it is now offered under a joint license by First Mississippi and its Swiss developer.

HERB JORDAN: "The other commercial unit that was in operation at this time was about one-fifth the size of the First Chemical plant. So it was a major scale-up when they built this system.

"For the plant to be cost effective, it was necessary to get maximum utilization from the catalyst. Our data indicated that we were only getting ten percent utilization of the catalyst. We were able to improve the catalyst, improve the reactors themselves to make them more efficient. And this allowed us to reduce the catalyst required for the same amount of aniline production by a factor in excess of five.

"The Swiss company that we had licensed the process from, Lonza, was very pleased with the outcome of our tests, and we agreed upon a joint licensing agreement with them whereby we would put our modifications into their original process and offer a joint license to the rest of the world."

The start-up problems and burden of the financial commitments necessary to build the new plants caused a worried Board to consider selling the company. In the spring of 1971, Babbitt found a prospective buyer in the Williams Companies of Tulsa, Oklahoma, which wanted to get into the fertilizer business. The Board was divided. Some people wanted an end to the struggle. But others were convinced that this was not the time to sell. The Triad complex and First Chemical had potential. Most of the company's problems were of a start-up nature which were not likely to reappear. No deal was made for First Mississippi. But the Williams Companies decided they wanted something else. They wanted Jack Babbitt. Before he left in September 1971, Babbitt recommended a successor, Kelley Williams.

LEROY PERCY: "Kelley had been working for the company, I guess, about four years as head of corporate planning. At that time Kelley was 37, but he looked like he was about 27, and to make a man that young with that little experience in being an executive was a risk.

"I think at that time they made me president. As I recall, every time the company's ever been in trouble, I end up president. You know, that's the way it goes. And we decided we'd make Kelley—I believe his title was vice president and general manager—the idea being for him to do the day-to-day stuff until we could make up our minds what we were going to do about a CEO.

"But as a matter of fact, Kelley began to show that he had ability, and began to make some changes. So I guess he had only been on board as general manager maybe eight months when we decided, let's
make him president; let's go with him. And of course, I think that's about the best decision we ever made."

The Williams style established itself immediately. As manager of corporate planning, his responsibility had been to develop a long-range plan for the company. A full year before he became chief executive, Williams outlined a plan for future growth which, in many respects, is still being followed today.

After consolidating earlier efforts and establishing a solid base, Williams began planning a transaction which would make the entire financial community sit up and take notice.

On August 31, 1973, First Mississippi acquired the Atlantic Richfield Company's giant fertilizer manufacturing and retail complex at Fort Madison, Iowa. The $75 million ammonia and fertilizer complex, and $25 million in retail operations, had been bought by a Mississippi company with just $31 million in assets. First Mississippi had taken the gamble of its life.

The company was betting on two things: that the fertilizer cycle was ready to turn up, and that First Mississippi could manage the complex better than ARCO had. The timing turned out to be right. Less than a month after the deal was done, federal price controls on fertilizers were removed, and fertilizer prices took off. First Mississippi's size quadrupled overnight. The gamble had paid off.

The financing arrangements were unusual. After convincing Chase Manhattan Bank, which had helped finance the now-successful Triad plants, Kelley Williams traveled with two young bankers from the Chase to sell ARCO management on the transaction. Williams says the selling job on ARCO was easier than the one on his own board, possibly because this time the Chase was along. The financial arrangements involved $46 million in industrial revenue bonds and a $31 million loan from the Chase. First Mississippi's net worth at the time was only $12 million. Both the Chase and the Harvard Business School have used this transaction as a case study. Forbes magazine described the acquisition as "a tiny Jonah swallowing a big whale."

The first year after acquiring the plant, now called FirstMiss, Inc., First Mississippi showed a record $20 million profit. That year, fiscal 1974, return on equity was 92%. The next year, profits were at an all-time-record $41 million. But the acquisition was more important than just the numbers. It lent the company credence, as Mississippi-born Jimmy Crook, vice-president of First Mississippi, remembers.

JIMMY CROOK: "At the time we made the acquisition, we knew that the fertilizer market was turning; we had much better days price-wise immediately ahead of us.

"We didn't envision to the extent that we would win up there and the amount of profit that we would make. But I think Fort Madison set the stage for another step up in the growth of this company, not only in the financing that has subsequently been made available to us and the profits that we made out of Fort Madison, but I think in the perception of the company in the investment community and the banking community.

"But finally, Fort Madison was made obsolete by technological advancements, economic conditions brought about by the political considerations in the world fertilizer trade, and competitive pressures. So, in October of 1981, we reluctantly concluded that we would shut down the production facilities at Fort Madison.

"On the other hand, Fort Madison has done a great deal to provide the corporation the financing ability and to provide money to the corporation to go further into the oil and gas business and the minerals exploration business."

In January 1975, First Mississippi became the first Mississippi-chartered corporation ever to be listed on the New York Stock Exchange. And in 1975, the company appeared for the first time in Fortune magazine's Directory of the Second 500 Largest Industrial Corporations, where it ranked first in percentage increase in sales. First Mississippi was on the map.

Before 1974 ended, First Mississippi ventured into a partnership with six oil companies in another fertilizer operation: a 1,150-ton-per-day ammonia plant to be built adjacent to the Triad complex at Donaldsonville. It was called AMPRO. First Mississippi would sell AMPRO's products, with the oil companies supplying natural gas to operate the plant from Federal offshore Louisiana reserves.

AMPRO was completed under budget and on time, and was scheduled for opening in the fall of 1977. But the Federal Energy Regulatory Commission, created during the energy shortage of the mid-Seventies, denied First Mississippi and its partners access to the offshore gas. First Mississippi appealed the ruling and the plant re-
mained on standby. By the time a Federal court overturned the Commission ruling and forced it to reconsider the case, First Mississippi had already found an alternate source. But the bureaucratic delays and indecision had cost the company nearly three years and $3 million. And the offshore gas is still not released.

Williams had a plan for the fertilizer profits, too. He knew that the fertilizer business was vulnerable to gas shortages, and it was cyclical. The idea was to take the cash flow from fertilizers and use it to find natural gas and diversify into other fields. First Mississippi concluded that the only way to assure a supply of energy and raw materials was to produce them itself.

In fiscal 1974, the company began exploring for natural gas. But First Mississippi was determined not to repeat the mistakes of its infancy. Under the direction of longtime vice president Al Bogen, a Mississippi native, energy experts were brought in to help establish the business. The first real acquisition brought 50,000 acres under lease. Within 24 hours after First Mississippi bought the acreage, it had a producing well. By 1976, the company had invested nearly $32 million and had 96,000 acres under lease in four states.

It was beginning to look like energy had potential and attraction far beyond supplying the company's own manufacturing needs. The energy effort was becoming a major new line of business.

AL BOGEN: "Well, when we started into the business, we knew absolutely nothing about oil and gas exploration. No one in the organization could hardly spell the word 'exploration.'"

"In those days, I thought crude oil came out of the tank farms. So it was only natural that we had to look to the outside for expertise, and I very quickly gained confidence in some of the local geologists that we retained to advise us and consult with us. We were fortunate to be able to pick their brains, so to speak."

"At the same time, we had to do a lot of self-study, bootstrapping our own knowledge to the point where we could make intelligent decisions. Our track record, I think, shows that this was a really good approach and that it paid off."

"As time went by, we put together an in-house organization that was aggressive, hard-hitting. You could call them feisty, or bright-eyed and bushy-tailed, or whatever you want to call them, but they put the bread on the table."
Southeast. The search took First Energy west, into the Rockies and the purchase of 700,000 leased acres from Emerald Oil Company of Salt Lake City. First Energy's leased holdings in the Rockies have since been increased to one and a half million acres.

JIM HARPER: "We expect to be much more aggressive in our exploratory drilling over the next five to ten years. The last several years we changed our philosophy somewhat, by going from primarily buying prospects from other parties to generating prospects and to creating an acreage base for the company.

"We thought that the Rocky Mountains, with the vast aerial extent of that play out there, presented the most opportunities for us. So it was decided to immediately assemble a good acreage base out there which we could work from.

"We will be doing more work in that area. This year we will drill a number of wells, and we expect that number to increase each year from now on."

The lessons of OPEC were not lost on corporate management. Kelley Williams and Al Bogen believed that oil wasn't the only natural resource for which America could be vulnerable to foreign sources. First Mississippi decided to diversify into precious metals and strategic minerals. In fiscal 1980, the company began acquiring mineral claims in the West, including 9,000 acres in a New Mexico area called "Silver Bar." Silver Bar was acquired out from under two large suitors in a surprise move. While its rivals were enjoying the Christmas 1980 holidays, First Mississippi was making its move.

First Mississippi's geologists are now systematically scouring the western states and Canada, where negotiations are underway for permission to operate a cobalt mine in that country.

The company was also looking for a coal opportunity. First Mississippi looked at more than 100 prospective coal acquisitions over a two-year period. In late 1981, it made its choice: Pyramid Mining, Inc. of Owensboro, Kentucky. At today's production rates, Pyramid's reserves of about 100 million tons is enough coal to last for more than 50 years. Pyramid also gives First Mississippi a base of operations and market position for future growth.

First Mississippi must look quite different to its original board of directors. One founding board member, Morris Lewis, Jr., has just stepped down after 25 years of company service.

MORRIS LEWIS: "In the beginning, there just really wasn't enough time and effort put forth by all the directors to question many of the projects that were being done.

"Today, any project that's submitted, there is a document drawn up very carefully and researched, and the management's recommendations giving both the potential dangers as well as the potential for success. That type of material is developed and given to directors in advance of board meetings, and the board member is intelligently informed before he arrives so he can discuss these matters. And no one objects at all to the board questioning whether a project is good, bad or indifferent. That's why you have a good company."

By the beginning of its 25th anniversary year, First Mississippi Corporation had grown to $358 million in sales and $300 million in assets. It is a world class producer of fertilizers and chemicals. Fertilizer is still the largest part of the company. But industrial chemicals and energy are growing faster.

Energy appears to hold the brightest promise for the future. Oil and gas revenues grew from $7 million in 1976 to $50 million in 1981. And future net revenues from proved reserves increased from $18 million in 1977 to $517 million in 1981. First Mississippi is becoming known as an energy company.

Where will First Mississippi be on its fiftieth anniversary? The company is growing and changing so fast that predictions are dated almost as soon as they are made.

KELLEY WILLIAMS: "Twenty-five years from now, I'd hesitate to say what would be our primary fields. Who knows what the energy base and energy mix of our economy is going to be? There may be major technological changes that completely change our lifestyle and our energy consumption style, and the businesses that we're now involved in. So we have to have a flexible response to those opportunities.

"I hope that we will be able to build on the base that we've developed, but I wouldn't hesitate to depart from it if external opportunities or problems indicated that that was the thing to do.

"We have to have a company environment that makes it possible for us to attract and hire and retain and motivate good people, the kind of people that are responsive to opportunities and to problems.
"The difference between us today and where we were 25 years ago is that at the time this company got started, it had an idea, and it had a little money. Today, we've still got the ideas, but our financial base is much stronger—and our organization and people base is, of course, much larger and much stronger."

But whatever happens, one thing is clear. The grand experiment of Owen Cooper, LeRoy Percy, Fred Anderson and the other founders of First Mississippi has worked. They wanted to show that Mississippians could influence their own destinies. They could raise capital, invest it productively and do some good with it. They proved that, along with everyone else who sent back one of Owen Cooper's penny postcards. The first of many, with faith in First Mississippi.

By the beginning of the 25th anniversary year, that original $5 million investment had grown to a net worth of $138 million, and a market value of almost $400 million. The company has paid more than $24 million in dividends and more than $92 million in taxes, including $9 million paid to the state of Mississippi. The company has contributed more than $2 million to charity, primarily to community service projects in Mississippi and other areas where it operates, and educational endowments such as these honoring two outstanding Mississippians: the Owen Cooper Distinguished Professorship of Law at Mississippi College, and the Eudora Welty Chair in Southern Studies at Millsaps College. To put it all in perspective, Money magazine named First Mississippi the outstanding performer of the Seventies of all stocks listed on the New York and American stock exchanges.

In business, nothing is certain—except change. How First Mississippi reacts to the rapidly changing business climate will be its story for the next 25 years. But the company built on penny postcards is constantly diversifying, getting stronger, and finding its place in new areas of business with bright futures. The experiment has worked—and is working—thanks to the thousands of investors and employees whose faith and dedication have created 25 years of achievement.

THE END

"Actorum Memores simul affectamus Agenda!"
“The roads you travel so briskly
lead out of dim antiquity,
and you study the past chiefly because
of its bearing on the living present
and its promise for the future.”

—LIEUTENANT GENERAL JAMES G. HARBORD,
K.C.M.G., D.S.M., LL.D., U.S. ARMY (RET.)
(1866-1947)

Late American Member of Council at London
The Newcomen Society
for the study of the history of
Engineering and Technology