Mountains of Casey Kaptur

By Kate Tanquary

Casey J. Kaptur was born in Chicago and grew up in the Chicago area. He received his BA in Chemistry from Purdue University in 1972, and after teaching for a semester continued on to graduate school at the University of Illinois for his MBA. After graduating, Casey found himself in a situation remarkably similar to this year's recent graduates. "When I got out of school in 1975," he says, "then, like now, it was a recession and the number of companies that were hiring was very limited." On a typewriter Casey painstakingly composed hundreds of copies of his résumé and sent them out to companies in all manner of industry. One response came from the Ralston Purina Company, famous for their pet food, who wanted Casey to help them sell a new kind of soy burger. Certain that he didn't want to get into sales, Casey declined Ralston Purina's

Experience:

offer. Instead, Casey took a job with the former Standard Oil of Ohio (Sohio) and went to work in their Chemical division. Casey recalls the busy year he had when he first joined up with Sohio in 1975-1976, as "Sohio was in the process of building the Alaska Pipeline," a project which began in 1974 and concluded in 1977.

A Line to the Future

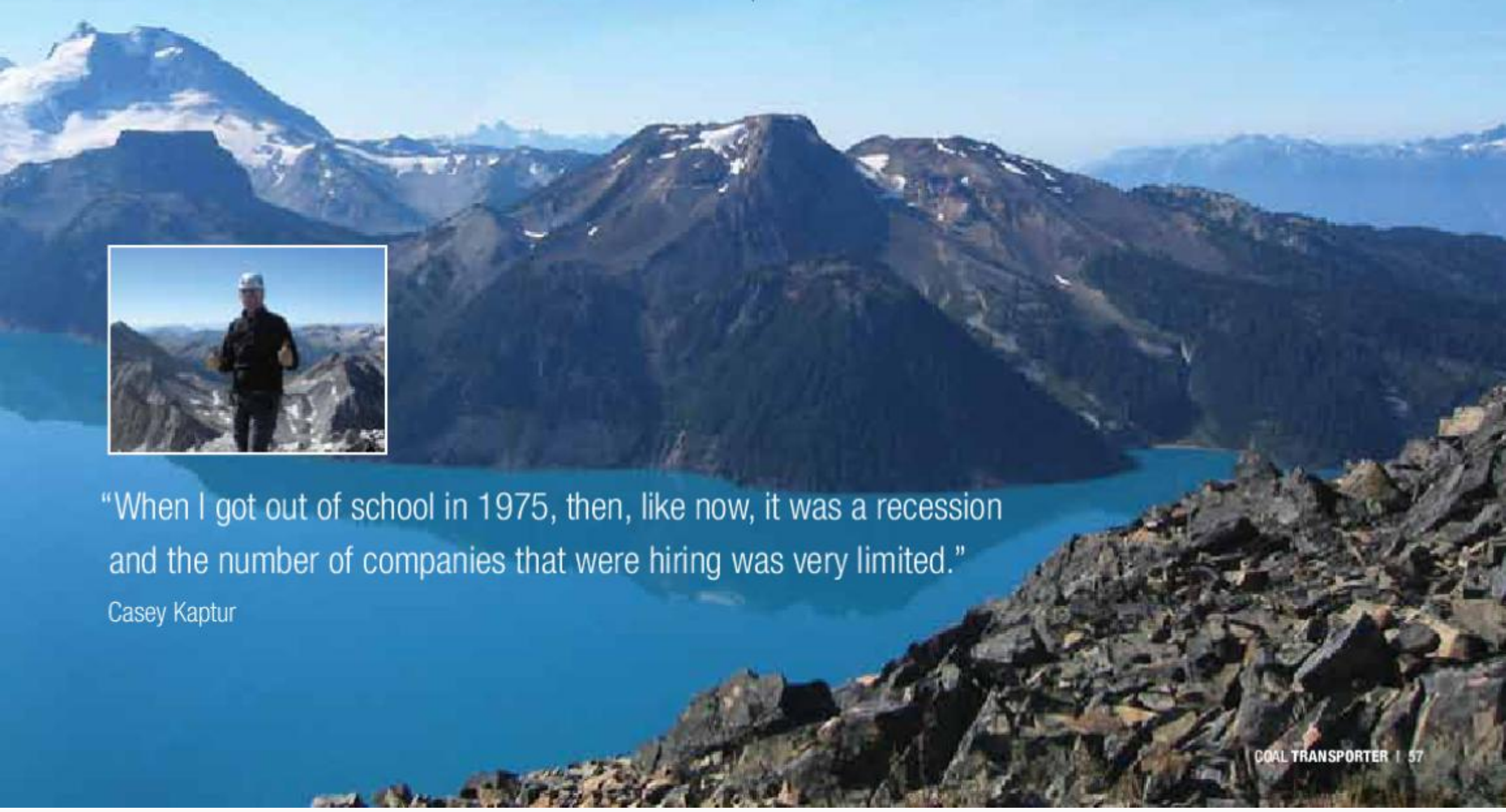
"Even though they were sending every nickel they had up to Alaska to finish the pipeline, [Sohio] could still see a time when the oil was going to start to flow, the cash was going to start to flow, and they were looking at a lot of different kinds of investments. What were they going to do to invest this money once they got it?"

The trigger for the pipeline had been the 1973 oil crisis, when the first Arab embargo had sent the price of energy skyrocketing. Casey remembers that historic time in the industry: "Not only were there the gasoline shortages that made all the headlines, but there were also shortages of basic petrochemicals such as ethylene, styrene, and other chemical building blocks. There was a lot of emphasis on domestic energy production. Sohio's idea was that we would take the cash flow and the oil coming from Alaska and build petrochemical plants to manufacture these basic building blocks." The benefit of manufacturing petrochemicals was obvious to both Sohio and Casey. "They end up in everything," he says. Everything from lubricants, adhesives, plastic containers, inks, dyes and paints.

Unfortunately, Sohio was beaten to the punch. By the time Sohio had cash to invest in petrochemicals, other firms had already done so. "When the pipeline was finished," Casey says, "other people had beaten us to that strategy." With new petrochemical manufacturing plants springing up everywhere, there was oversupply in the market and the plan Sohio had hatched was no longer regarded as viable.

Coal on the Home Front

Although the petrochemical plan had fallen short, Casey would soon get involved with a much different beast. On April 17, 1977, Jimmy Carter gave a famous speech in front of the White House fireplace, comparing the American energy crisis to be the "moral equivalent of war" and vowing an increase in domestically produced energy. "And that meant coal," says Casey.



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Sohio's coal division, Old Ben Coal, was located in Chicago, IL. "Which, conveniently, was where I was from," says Casey. "So I asked about a transfer to Old Ben Coal." In 1978, Casey got his wish and moved back to his hometown of Chicago. "Ironically, I joined their marketing department and I was soon involved in coal sales, after telling Ralston Purina that I never wanted to be a sales guy."

Casey started out dealing with contracts, but in 1980 moved to the sales division and worked directly with Old Ben Coal's customers for the next seven years. "I sold coal from Old Ben's Midwest mines in Illinois and Indiana," Casey says. "It was one of the best jobs I've ever had. I really enjoyed getting out and meeting with the customers; trying to find out what they needed, trying to find out how our products could help them. People will ask, 'What is marketing?' My answer, based in large part on that Old Ben experience is, 'marketing is understanding your customer's business and trying to figure out how your products can help them solve their problems."

customers, an effort abetted by the 1990 Clean Air Act Amendments and their curbs on sulfur dioxide emissions. Casey and his colleagues at ARCO immediately saw their opening. "We were gearing up to take our low-sulfur Western coal into these Midwest markets that had previous used higher sulfur coal from the Illinois basin." After a relatively short time with ARCO, Casey was promoted to head marketing efforts in the US and continued to excel in his efforts until ARCO Coal's U.S. operations were sold in 1998 to Arch Coal.

Export Terminals and Foreign Exchange

"For me, the time I spent with ARCO was very interesting.," says Casey. "One of the more interesting projects was my involvement with the Los Angeles Export Terminal (LAXT), built to export Colorado and Utah coal to Pacific Rim markets, primary the Japanese electric utilities. LAXT was a consortium of about 40 members. U.S. based entities, including coal producers, the Union Pacific Railroad, and the Port of Los Angeles owned 51% of the venture. Japanese consumers, banks, and trading companies owned the other 49%. The Port of Los Angeles was both an equity participant and landlord. Through a series of mergers and acquisitions, Casey eventually became Chairman of the Board of LAXT.

Although Casey left LAXT when ARCO sold its coal interests to Arch, he had a front row seat to watch events in the export market unfold. In an unfortunate circumstance that combined high lease fees from the Port of Los Angeles, a strong US dollar and lower Australian coal prices, exports from LAXT became uneconomic and the terminal was forced to cease operation. LAXT was "just a little bit ahead of its time," says Casey, in the wake of much current talk about the western export terminals. But he has a few words of advice for anyone else looking to attempt a viable export terminal in the west: "The viability of US coal exports, particularly steam coal exports, is tied to strength of

Casey & crew ride the rapids through the Royal Gorge.

New Directions out West

Upon Old Ben Coal's decision to expand in 1987, a new business development group in charge of mergers and acquisitions was formed in Cleveland, OH and Casey was promoted to head the operation. His return to the home office in Cleveland for the next three years saw him focus primarily on mergers and acquisitions in the Midwest, but he also paid attention to opportunities in the East and the West. But as Casey puts in, "things change" and in 1990 British Petroleum, which had bought out Old Ben's parent Sohio in 1987, decided to remove itself from the coal business.

On the advice of a colleague who was also looking for opportunities after Old Ben Coal, Casey applied for a marketing position with ARCO Coal. Though no longer a direct salesman of coal, Casey worked on innovating ARCO's marketing strategy in order to sell the company's increasing production of western coal to Midwestern

"It's not enough to have a handshake. It's not enough to have the consumers of the coal be part of the project. You need contracts. You need volume to move through the facility." Casey Kaptur