***Great Lakes Chemical & Octel p459DW (corporate portfolio, ‘optimal pollution’)***

**Case summary:**

GLCC (US), a large bromine producer bought about 88% of Octel (UK) because this “target” was also a bromine producer (around 1990). Octel had been owned by BP/Shell/Exxon/Mobile/Texaco/Chevron consortium.

Octel (UK) had been using a unique process for extracting bromine from sea water, then using its bromine to make TEL: lead additives for gas (petrol). It was the largest producer of TEL in the World.

GLCC (the acquirer) wanted the bromine for its *other* products: fire-retardants and colour-stabilisers etc. a $600m market. However, it was “willing to take on the ‘last’ years of production” of TEL for gasoline.

GLCC (the acquirer) also saw Octel as a geographical-“beachhead” for its possible expansion into Europe.

TEL had already been banned in Japan, phased out of US, UK and W Europe, due to brain damage in children in high-traffic areas inhaling car exhaust.

However, high demand for leaded gas continued in “3rd world”. “Every other TEL producer had stopped making it” so the Octel unit of GLCC found it had a near-monopoly, 90% of market.

“Octel cash-cow has (internally) funded other GLCC business units, so GLCC expanded, under (lucky?) Emerson Kampen, who stepped aside in late 1993 (ironically) with health problems.

Octel predicted to continue to account for >50% of GLCC operating profit.

After 1993, under Robert McDonald, the cashflow from Octel was used for further (diversification by) acquisitions, including in the water-treatment business (e.g. Bio-Lab Inc.).

There was also some internal diversification into water treatment within Octel (now a subsidiary of GLCC).

GLCC became “a fun place to work” because of the (corporate-provided) cash flow. (This is at the same time that children in 3rd world were being exposed to brain-damage).

(Q. p 461 does the given reason for ‘slowdown in earnings growth’ make sense? Why? How?)

GLCC concede the TEL is harmful. But argues that there are “too many cars (in 3rd world) without the catalytic converters” needed to run properly on non-leaded. These non-catalytic cars will spew out benzene and get fewer mpg if they are forced to run on non-leaded. So TEL “may be an economic & environmental bargain” for years to come. (A clear example of U-J or “ghost capitalism”).

EPA official/Public Health professor argues that environmental harms from TEL have been underestimated. May-1995 conference of “Alliance to end childhood lead poisoning” said GLCC argument is “a disinformation campaign”.

Wall St ignores that, but says that it sees GLCC overall as an “environmental white hat” (i.e. relatively pure, or good, perhaps like the Pope). In contrast, perhaps ironically, under Edward De Bono’s 6-hat thinking system, the “white hat” is for a person or group that is considering only “what information is available? what are the facts?”