Tightening Up In The Petrochemical Industry

Because Coastal Chemical serves the petrochemical industry all over the United States, the company tasted the effects of the nationwide recession in 1991. "Our business lags the general economy by about six months, and a slowdown affects sales to our customers," says Chief Executive Officer Jim Doyle. "We also sell to people who treat natural gas." Despite these obstacles, Coastal managed to make small sales gains in 1991. Total revenues were $64.2 million, placing the company fourth on the Acadiana Top 100 list.

Coastal sells specialty chemical products to refineries and petrochemical plants nationwide. It also offers specialty products for natural gas treatment and has a growing presence in specialty chemicals for environment-related chemical treatments. Additionally, Coastal provides various fluids to a broader industrial market.

"Ninety-one was more a year when we stood still after several years of growth," Doyle says. He notes that though sales were up slightly, margins were thinner than in past years. "We managed our cash better than ever—you try to tighten your belt without affecting your people. You want the tools in place when it turns back around, and your people are your best asset. We looked at our expenses closely and moved ahead."

To say that Coastal stood still in 1991, though, is to use a relative term—the company opened a new facility last year to participate in the natural gas business in the Four Corners area of New Mexico. "The potential for upturn is there," says Doyle. "If a similar opportunity presents itself in 1992, we would do it."

Gone for now, though, is some of the international business that Coastal enjoyed in the late '80s and in 1990. "There are similar problems in international markets," Doyle says. "In some cases, much worse than here, particularly in the Eastern bloc. The marriage of the two Germanies, for instance, is a lot more to digest than it looked like at first."

Doyle says that two assumptions influencing company planning for 1992 are that energy prices will stay relatively low for the long term and that a nationwide economic recovery will be felt in the latter part of the year. "We see the year a little flat, with some growth in our specialty products," he says. "It will be a year to hang on—and make sure that we're in position to take advantage of the upswing when it occurs."