

Reinventing the wheel

It occurred to me recently that while the paint and coatings industry is the third oldest profession in the world, historically it has proven to be the slowest industry in many key aspects.

If we were to rank industries in terms of fastest versus slowest growth rate, new product adoption, management style changes and new business model adoption speed, the paint and coatings industry would be dead last.

That's not to say all is bad. In the past at times things were beyond our direct control.

It wasn't too long ago that most of the design engineering departments within the major user organizations of coatings in our industry would place dead last any consideration of coatings that would be used on the products they were designing. Coatings were merely an after-thought.

There have been cases where only weeks prior to actual product launch, the coatings to be used had not been selected and, in some situations, the coatings had to be rush-developed and rush-approved to meet the deadline of the launch.

This situation, although improving, has not gone away and is a very expensive design flaw in product engineering around the world.

We witness with great awe how new communication technologies are changing the world around us due to their ever-increasing speed through the various value streams of activity. Email, Facebook, texting and now Twitter are assisting some industries while tearing apart others.

The best and most visible industry example of such influence is the entertainment industry, especially the movie-making segment. In less than one year's time, since December 2008, this segment has moved from historically making movies that would have theater staying power of from four to 10 weeks. Now, due primarily to the advent of the new social network systems such as Twitter or Facebook with instantaneous information transfer capabilities to mass audiences, the same movies could be killed as the movie-goer literally leaves the theater, sending their individual opinions to hundreds instantly as they walk to the parking lot.

This is an example of the awesome power of the collective mindset of the public. Obviously, the

moviemakers will have to accommodate these new instant information technologies and anticipate how best to deal successfully with them as they build new entertainment models going forward.

Maybe the next step, to avoid catastrophic episodes, could involve movie-makers providing a mechanism for the exiting movie-goer to Twitter their opinions through a controlled survey loop, the results of which could be immediately segmented into meaningful conclusions and instantly transferred to new product development for creative decisions regarding the films currently under production as well as the new ideas being considered. Well, I'll leave that for the movie consultants to figure out!

WHAT'S THE FIT?

How does this analogy relate to the paint and coatings industry? Some may say it doesn't, but at Chemark we feel there is a solid message here that our industry must pick up on soon.

As a group of providers along the value supply chain in the paint and coatings industry we can no longer be passive and reactive, waiting for our customers to tell us when to jump into the design and redesign step of new as well as established products. This reactive and passive design and development positioning creates costly inefficiencies and, in some cases, total failure of the coated product. We must take on a proactive level of interest that leverages us into the design engineering function at the end-user application sector.

As an industry there are several reasons behind this recommendation to change the paint and coatings industry's role in relationship to our customers and our customers' customer. The two most critical reasons are:

- To avoid being treated as a commodity, and;
- To reposition ourselves at a higher value in the supply chain.

COMMODITY

A commodity product/service provider is always being taken for granted. It implies that many others have the same of similar products/services as you. Therefore, nothing unique in the offerings pro-

Moving forward the paint and coatings industry must become a more proactive partner in the new product design process.

vides only one element in a buy/sell environment to leverage one's position and that's price.

When customers see you as a provider of a commodity, profits suffer. The value of the paint and coatings industry has fallen 38% over the past 35 years compared to the Consumer Price Index (CPI). Why? Paint and coatings companies are reactive during the decision-making process. We are not viewed as proactive customers/partners. As a result of our collective inaction, we have achieved exactly what we have been working so hard for over these past 70 years—mediocrity.

Along the value chain continuum—including resins, additives, pigments, leveling agents, etc.—there is only a handful of non-commodity, specialty paints and coatings that exist today. This needs to change in order for our industry to grow profitably.

On balance, we haven't changed much. Our means of paint and coating manufacturing, technical and marketing methodologies, communications

“People who cannot invent and reinvent themselves must be content with borrowed postures, second-hand ideas, fitting in instead of standing out.”

—Warren G. Bennis

and servicing our products, have not changed significantly over the years. While we now use computers, they are primarily used only to control the same batch systems we've had for years or to spit out reports and presentations faster.

REPOSITION

Have we invested in accurate intelligence gathering at all direct and indirect positions in the value stream? Have we invented anything

really uniquely new to the industry that potentially sets the segment targeted in a new direction? Have we earned the right in trust and loyalty with our targeted customers, working in parallel, to make joint presentations to their customers generating creative ideas on how best to serve them, thus establishing ourselves as a significant “go-to” value while, developing greater competitive barriers in the process?

Yes, it's a fact, this proactive value-repositioning strategy approach, properly executed, will increase costs per target customer on the short-term, and not all of your customers can be accommodated, but in the medium- and long-terms, it will pay off. We've seen it work!

As we witness the “Twitterification” of our society, we cannot perform along the same path we have in even the recent past. It's time for us to see beyond the common perceptions of the past, approach and participate in our industry from all the angles within which we exist. **CW**