



Creating value should be the industry mantra

The chemical industry in Europe is a long way from the innovative, flexible, customer-friendly model outlined in Cefic's Scenarios 2015. So when will the industry finally wake up?

WE ARE all aware that the chemical industry in Europe is facing increased competition at home and in its export markets. The pressure is increasing and it will not disappear. There is agreement that the European industry cannot compete purely on price and that it has to find other and stronger legs to stand on.

Cefic's Scenarios 2015 reiterated recommendations that the future of the industry lies in developing a stronger focus on: attracting, motivating and keeping the right people; bringing to market new and successful innovations to meet the ever-changing needs of customers; and fulfilling the needs of customers better than other suppliers with unique and differentiated offerings.

In 2003, marketing excellence practice MarketAbility conducted a benchmarking study of Customer Value Management practice in the chemicals and plastics industry. It demonstrated that the industry was a long way from best practice and in fact very poor at creating and capturing value for its customers.

So how many times does this message have to be broadcast before the leadership and management of the industry here in Europe sits up and takes notice? Perhaps it is no surprise that an inward looking, non-customer focused industry is failing to deliver benefits and value to its customers, failing to capture value back for its stakeholders, failing to innovate, and as a result of all of those failings, failing to maintain a competitive edge over global competitors.

The chemical industry is the highest value-adding of all industries, but it has patently and repeatedly failed to recover that value through its poor commercialisation record and inability to capture and sustain value-pricing. Customer focus means that companies have to understand the value drivers of their customers in order to protect the price. They have to get the right successes to market faster and to sell their innovations to the right people. Selling innovations to purchasers can kill the value.

The most successful innovators know this and demonstrate it: 3M, Unilever, Nestlé Rowntree, Intel, Dow Corning – yes, there are a few pockets of excellence

inside our industry. If we can learn from such organisations, the European chemicals industry can re-energise its innovativeness to remain competitive on the global stage – and it must do so.

The industry has got it right in terms of process, but missing are the right culture, the right capabilities and the right environment within leading chemicals companies to engender successful innovation. Management must provide the direction for innovation through strategy, focus and structure in the organisation. Management must provide the capability for innovation through leadership and organisation of the people and the process to ensure that innovation skills are applied to the innovation process. Management must empower the people in their organisations to put the results into practice.

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My plea to the European management of this great industry: please wake up and do something before it is too late. Wake up to and take the lead on customer focus, don't just talk about it, lead it and empower it. Wake up to the need to drive your innovation from customer needs and value drivers.

The European chemical industry has a lot more to offer than just the products we make. Reliability, reputation, responsiveness and relationships are values on which our overseas competitors will struggle to compete effectively. These are the bases of our future competitive advantage. We must start to use them.

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Innovate – before it's too late



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to get their entries in by 1 July. Interviews with last year's winners can be seen now at www.icis.com/ or www.icis.com/awards. An entry form can also be found at the latter site.