

Industry Summary: Chemicals, Materials & Food

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The 4th Annual Growth, Innovation, and Leadership Executive Congress, held September 14-16 at San Francisco, CA, was an astounding success as it enabled our clients from every sphere of the Chemicals, Materials & Food (CMF) group to congregate, network, and discuss best practices used not only within the industry but also in other adjacent markets as well.

CEO 360° Report on the Chemicals, Materials & Food

The CMF track at the Congress began early on Tuesday, Sept 16th with the CEO 360 Report by Vivek Tapuriah, Research Manager, CMF Practice, Frost & Sullivan. The objective of this presentation was to introduce the CMF industry audience to the seven different aspects of a complex business universe that any C-level executive is faced with and needs to be aware of. This presentation was also aimed at setting the stage for the rest of the day's sessions and provide the audience with food-for-thought on the key aspects of their business, which trends they should be keeping track of, and prioritize based on which trend will impact their business the most.

The seven perspectives of the complex business universe includes the global, integrated industry, economic, technical, competitive, customer, and best practices trends that any executive with a business target to achieve, needs to be aware of. In context of the content in the presentation, some interesting and pertinent questions came from the audience on ethylene capacity increases in the Middle East and North American position in the future. Also, there were questions on Middle Eastern companies purchasing North American companies like GE Plastics for market access or also for access to intellectual capital. There were discussions on BRIC economies, clearly indicating the interest in the companies to better understand as well as improve their own product and service offerings in countries of these regions. Some of the post session discussions were on further information that Frost & Sullivan could provide on the BRIC countries and trends in the CMF industry in those countries.

Growth Success Story

Ken Edwardsson, Global Leader, Create Product Success, Dow AgroSciences, was the second speaker and was well-appreciated for his insights on portfolio evaluation what he thought participants in the CMF industry can learn through his presentation on Growing Globally by Acting Locally: Lessons in Portfolio Evaluation and the success achieved by the tools/procedures adopted by Dow AgroSciences.

At any point Dow AgroSciences has 150 ongoing projects being executed globally at the same time with 18 global project managers, 91 local team leaders. The company has portfolio of over 1500+ products. They manage such a myriad of projects through cross-functional team and have a well defined process in place to weed out unprofitable projects. Ken talked about the customized software tool that they have started using in the last year and how that made their lives easier and simplified their process from the time they did all this manually.

There were intense discussions on effective risk evaluation, accuracy of NPV/IRR calculations. There were several questions on the operational aspects of managing these 150 projects.

Two key success factors are to have the right project management tools and to communicate with team members constantly to understand their needs and challenges while anticipating and avoiding problems.

Panel Discussion on Key Challenges in the CMF Industry

Some of the most notable personalities of the CMF industry were panel members in the discussion and were facilitated by Shomik Majumdar, Vice President, Business Development, CMF CMF, Frost & Sullivan. Each panelist represented a different and, at the same time, connected area of the industry and included Sherri Bassner, Director, Global Analytical Sciences, Air Products & Chemicals; Vineet Bajpai, Global Marketing Manager (Process & Lubricant Additives), Ciba Corporation; and Richard Joyce, Vice President, Technology Growth Initiatives, Sun Chemicals.

This esteemed panel elaborated on the challenge of balancing an optimal portfolio team towards achieving incremental short-term growth versus sustaining long term growth stimulated the most discussion with healthy participation from all participants. The common challenge was in determining the amount of effort/dollars/personnel focused on the primary responsibility, as it relates to business strategy, and then prioritizing. The mistake

companies make is by prioritizing too many tasks, driving an overwhelming focus on sustaining incremental activities and deemphasizes related market work, which is critical to sustainable growth.

Solutions to cope with this challenge were mainly related to personnel management, identifying and empowering them, tying incentives to longer projects. Companies are faced with the challenges of how to identify such individuals that demonstrate flexibility switching between projects and keep them motivated. An example of a tool used by one of the companies was CARE (Create, Advance, Refine, Execute) that placed personnel in suitable CARE buckets based upon their skill sets.

Roundtable Discussion on Key Growth Opportunities in the Measurement & Instrumentation Industry

The roundtable session facilitated by Shomik Majumdar, VP, Consulting, CMF, Frost & Sullivan, finally enabled all participants in the track to offer their opinions and debate on the key opportunities within each person's purview in the varied corners of the CMF industry. The interactive session on CMF growth opportunities included insights on BRIC (Brazil, Russia, India & China) and other potential emerging attractive markets.

"Making the Green" by far was the most discussed topic on this track. The definition of green was debated in the chemicals and foods industries. Other topics regarding green and sustainability included:

- Sizing the green opportunity
- How to go green?
- Financial value of green
- Sharing green practices

There was intense debate on complexities of marketing and selling products in China & India; especially the bureaucratic hurdles in India were discussed at length. Participants gave examples of their companies participation and also shared their thoughts on improvements in infrastructure and other processes in that region. Beyond BRIC, some emerging countries identified by participants included Vietnam, Poland, Turkey, Mexico, Algeria, Libya, and South Africa.

Growth Success Story

The group then had a very compelling case study from Mr. David Pilosof, Director of Consumer Applied Technology at Clorox Company on their Green Works product line that contains over 99% natural ingredients that are biodegradable. These products are not tested on animals and use recyclable packaging. Green Works is a rare success story of a firm that has successfully changed its brand perception in the minds of people. They have been recognized by the prestigious Sierra Club for their green initiatives. There were issues raised on products that come from sustainable sources like plants versus products that can be classified as green due to their recyclability. The definition varies with what side of the equation you belong to.

Some key take aways from this presentation included the growing consumer interest in environmentally friendly products being a major driver in the growth of green chemicals and if positioned properly can result in increased profits for companies. Also, it will be some time before we can actually classify what is green versus what is not green.