

ChemSpec USA

celebrates two years with Axalta Coating Systems

THE FIRST THING THAT STRIKES YOU WHEN SPEAKING WITH RON SNOW, SALES DIRECTOR CHEMSPEC USA, IS HIS BUOYANT, UPBEAT AND PRAGMATIC APPROACH TO BUSINESS AND LIFE IN GENERAL. HE IS ONE OF THE STALWARTS OF THE BUSINESS THAT WAS FOUNDED BY PETE AND NANCY PETERSON IN BURBANK, OHIO IN 1976. WE DISCUSS RON'S JOURNEY WITH MONTANA PRODUCTS, CHEMSPEC USA AND AXALTA COATINGS SYSTEMS.

NCR: I believe you have some 30 years' experience in the North American automotive refinish industry. As the man behind the brands, perhaps you would like to tell us a bit about yourself?

RS: You are quite correct – I've been in the automotive industry for well over 30 years, starting my career in the distributor end of the business, interestingly enough, selling Axalta refinish products. My career then led me to managing the body shop at a local Ford dealership before joining ChemSpec USA when it was still known as Montana Products. During my 20 years with the company, I have had the privilege to work in just about every facet of the business, including quality control, R&D, technical, brand management, sales

management and plant operations. Approximately 12 months before the Axalta acquisition, I was appointed president of the company.

NCR: The company has a long, proud history since its humble beginnings as Montana Products. How did it come to be known as ChemSpec USA?

RS: Montana Products launched the Big Sky Intermix system but needed a quality basecoat system to supplement the range of branded primers and clears. We were in discussions with several paint companies when we finally reached an agreement with Chemical Specialities and became the official US distribution partner for the Metalux Refinish range. We launched the range at NACE in 2006 and the growth rate

was unprecedented across the US market. Chemical Specialities purchased Montana Products in 2007 and, following the completion of this transaction, co-founder Nancy Petersen retired.

NCR: How did the organisation cope with the demise of the Chemical Specialities organisation in South Africa?

RS: As I am sure you can imagine, it was a very difficult time, especially as we were the jewel in the crown. As our parent company struggled for cash and the subsequent impact on continuity of supply, we in the US were profitable, cash positive and had our own manufacturing capabilities. This allowed us to mitigate the impact on our customers here in the US better than in some of our other markets.

NCR: With the business name being so badly tarnished, was there any consideration given to renaming the organisation when Axalta came along?

RS: ChemSpec has a reputation as a quality manufacturer of refinish coatings in the USA, so there were never discussions of changing the company name. However, in Australia it was a deliberate strategy to more closely align ChemSpec USA with Axalta to leverage Axalta's global reputation and earn back the trust of our customers in the region.

NCR: It's interesting that Axalta has decided not to bring the ChemSpec USA brands under their umbrella in



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Australia. What is the strategy behind this decision?

RS: We at ChemSpec USA have always been proud of our ability to adjust to market conditions due to our nimbleness and quick decision-making capabilities – it's all part of the value proposition that we offer our customers. Axalta sees the benefit of maintaining this winning formula to ensure consistency of the marketing mix, both within the brands and across the portfolio of brands.

NCR: So, to that end, what are your key differentiators?

RS: ChemSpec USA has its own dedicated sales and technical team that allows us to focus our attention on customers who want the excellent value our products offer with their quality colour match, colour tool systems and affordable price. Combined with the above-mentioned nimbleness, this clearly defines the ChemSpec USA offer and differentiates it from the ultra-premium brands that demand even greater levels of service and financial support.

NCR: You mentioned that you were a relatively new president when discussions with Axalta commenced. It must have been a challenging time.

RS: It was not just Axalta that was interested in us. There were several other organisations in the mix and it was somewhat flattering to receive such a high level of interest as we were all very proud of what we had built. It was indeed a challenging time for all of us on the leadership team, but we continued to focus on maintaining employee engagement. When it became clear Axalta was to be the new owner, it was made easier by the way they conducted the process and the way they ran the business in the first year. We maintained our own P&L and ran the business as a separate business unit within the group. More recently though, we have begun to integrate the functions and the leadership team has secured key roles within the group.

NCR: What do you consider to be the real highlights during this time?

RS: One of the challenges that any small paint company faces is expanding its distribution footprint. Being part of the Axalta Coating Systems organisation opens a huge opportunity for the ChemSpec USA branded products. In addition, Axalta's newly

updated colour tools and our access to a much broader R&D and QC team allow us to improve our in-house quality control and offer a new colour formula enhancement program that allows Metalux to compete in any market.

NCR: And conversely, what didn't go to plan?

RS: One of the most difficult challenges in the transition was the conversion of our colour systems. With hindsight, the whole process did not go as smoothly as we would have liked but, as you know, this is not really a process that can be fast-tracked. You just have to be patient.

NCR: I see you are now heading up ChemSpec USA's private label business. How did this initiative come about?

RS: To be frank, with the integration of key functions of the business well underway, there was obviously no requirement for a president per se. Axalta sees huge opportunities in the US market for private label products and with my product and company knowledge, it made sense for me to head up this part of the business. The great thing about this opportunity is I get to work with many different Axalta-owned companies, allowing a much larger scope of products to be used. It's a great opportunity to accelerate the growth of the business.

NCR: So where to from here – what can we expect in Australia and New Zealand in 2018?

RS: ChemSpec USA continues to strengthen its presence in the Australian and New Zealand markets. In the near future, we will launch a colour camera (spectrophotometer) as well as a low-VOC solvent basecoat. In addition, leveraging Axalta's extensive distribution network in both countries we will be well primed for even greater success.

As president, Snow had the responsibility of leading the sale of the business and he and his team were buoyed by the interest from several suitors. One cannot help but draw parallels with Axalta's recent discussions with interested parties that "the keen interest by these companies underscores Axalta's global leadership position". Snow, more than most, will relate to these comments by Charles W. Shaver, Chairman and Chief Executive Officer, Axalta Coating Systems.



Corey Smith
ChemSpec USA

When did you join the industry? 1995

What was your first job in the industry? Apprentice Spray Painter

What do you do now? Australia & New Zealand Technical Sales Representative

What do you like about the industry? The variety of different personalities that are involved in this industry.

What don't you like about the industry? The shrinking number of shops and the lower number of apprentices that are coming through.

What music do you like? Wide range of rock

Your Favourite Artist? Metallica

Your favourite food? Veal Schnitzel

Your favourite drink? Burleigh Brewery HEF (Beer)

Your hobbies? Golf (well I try at least)

Who in the world would you most like to meet? Richard Rawlings

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