

A man with short dark hair and glasses, wearing a dark suit, white shirt, and grey tie, stands in front of a banner. The banner features the AkzoNobel logo and the text 'Akzo Tomorrow's' and 'Our va'. The main title of the document is overlaid on the image.

THE AKZONOBEL-ICI SYNERGY DELIVERING TOMORROW'S ANSWERS TODAY

Established almost four centuries ago, the present-day AkzoNobel has evolved from and is the culmination of a succession of mergers and divestments – beginning with the inception of Akzo in 1969; to the merger with Nobel Industries in 1994 and finally to the divestment of its pharmaceutical business and acquisition of ICI Industries in January 2008.

Mr Goh Cheek Weng, managing director of ICI Paints (Malaysia) Sdn Bhd, shares his thoughts about ICI's origins, the successful AkzoNobel-ICI synergy and the focus on customer needs.



With the latter move, AkzoNobel is, today, the largest paints and coatings company in the world, in the manufacture and distribution of a wide range of decorative paints, performance coatings and specialty chemicals. Represented worldwide in over 80 countries with a workforce of more than 57,000, Amsterdam-based AkzoNobel's revenue for 2009 totalled 13.9 billion.

Since September 2005, AkzoNobel has been one of the leaders in the prestigious Dow Jones Sustainability Indexes (DJSI), which tracks and rates the financial and non-financial performance of the world's best sustainability-driven companies. Recently, in conversation with Mr Goh Cheek Weng, managing director of ICI Paints (Malaysia) Sdn Bhd, B&I posed some pointed queries on the ICI success story, the AkzoNobel-ICI synergy.

B&I: With a presence in Malaysia that pre-dates even that of your competitors, with a name and logo that has become synonymous with paint, what would be key factors contributing to the success that ICI has enjoyed over the years?

AK: Focusing on our customers' future first is one key factor. We can guarantee our future only by giving our customers products and services that improve their future. It's our priority, the reason why we exist and the basis of everything we do. Another critical success factor is Product Quality, which ensures re-purchase and earns customer trust. These are the cornerstones of our leadership in the Malaysian market over the years. In addition, we believe in the need to be innovative and, at the same time, to care for the environment we live and work in, which we commit and have demonstrated in our launch of green and eco-friendly products.

Furthermore, in charting future colour choices in our products and, collaterally, inspire the interior design community, we have our in-house Global "Colour Futures" team of experts to deliberate on trends, based on the latest developments and statistics in music, fashion, technology and lifestyle. We also have a team of colour consultants to guide and recommend colour selections to consumers.

“ We can guarantee our future only by giving our customers products and services that improve their future. It's our priority, the reason why we exist and the basis of everything we do. ”



ICI Paints Malaysia's headquarters in Nilai, Negeri Sembilan.

B&I: By way of “introducing” Akzo Nobel, could you give us an insight into the background and rationale behind their synergistic acquisition of ICI back in January 2008 which involved re-structuring and re-branding, and the impact, if any, on the Malaysian market in terms of, say, product identity, customer confidence, etc?

AK: Since its inception in 1646, AkzoNobel has had a long and distinguished history of constantly delivering technical and product innovation. In the 19th century, for example, AkzoNobel pioneered industrial-scale chemical manufacture and, more recently, led the way in high-tech coatings and artificial fibers. Following divestment of Organon Bio-Sciences, AkzoNobel acquired ICI in January 2008. What many do not realise is that AkzoNobel has been in Malaysia for quite some time, with several other companies in the coatings sector. ICI, on the other hand, began trading in what was then Malaya in the early 1930s, commissioned its Petaling Jaya plant in 1959 and established itself in paints and chemical products.

In the exercise to integrate AkzoNobel and ICI, it was a very smooth transition as there was little difference in corporate philosophy and core values, in commitment to product research and innovation, in sustainability and how to go about it. The essential ingredients for a successful recipe for integration was all there and what remained was for our people, internally within

the organisation, to understand changes in the new set-up, and to pool our talents in our collective promise to deliver “Tomorrow’s Answers Today”. On this premise, we elected to maintain and continue building on our quality product brand Dulux’s established track record and, more importantly, customer trust.

B&I: Having been listed on the Dow Jones Sustainability Indexes (DJSI) for the past 5 years, a high priority for AkzoNobel is, no doubt, to maintain this prestigious position. Firstly, what, for AkzoNobel, are the key issues involved in the matter of sustainability?

AK: At AkzoNobel, sustainability is at the heart of what we do, in offering eco-friendly products that meet the needs of consumers while preserving the environment for the present and future generations. However, for AkzoNobel, sustainability goes beyond green; it means the basic level of the “right to operate” across economic, social and environmental bounds. We take it to the next level, to incorporate sustainability in our supply and value chain, from raw material supply to delivery and disposal of paint, with programmes like supplier audit. This is not only about checking on quality, safety practices and environmental impact, if any, of their operations. It is about their continued collaboration with us, not just as material or service vendors but as sustainable partners and to candidates who do not meet the criterion, we provide a



Dulux weathershield , a leading exterior paint that keeps houses cool.

lot of “best practices” that they can assimilate into their business processes. This approach has more effect and impact than a simple “pass” or “fail” after audit.

Other key issues are product stewardship, business conduct, health, environment and safety, risk management and corporate governance, for which we have established policies and standards. These efforts have enabled us to consistently maintain a top position on the Dow Jones Sustainability Index whilst locally, recognised by many quarters, notably the Chemical Industries Council of Malaysia (CICM) through numerous CICM Responsible Care awards.

B&I: Secondly, what corporate strategies will be or have been devised for the short-to-medium and long term?

AK: Aside from integrating sustainability in our Strategy and Management Tools and forming strategic partnerships in our supply chain, we also place emphasis on the social aspect of sustainability through our Community programs. At AkzoNobel, we deliver our Dulux’s mission in Adding colour to people’s lives through community service. For instance in 2008, in collaboration with the relevant Authorities, our employees and their families volunteered their time, and their experiences, to educate school children and teachers on road safety. The lesson is brought home to them, with paint and creativity, when all join in to transform corners that schools allocate into colorful murals and reminders of how to be safe on our roads.

Sustainability is not daunting if we continue to see it as a conscious choice to make decisions that actively account for the long-term impact of our actions. This means to continually find new ways to reduce and replenish the resources we consume, and increasingly, to put back into the natural systems more than what we take out.

B&I: Aside from mergers and divestments, AkzoNobel has had and continues to have a long history of product R&D. The latest offering is your innovative Dulux Weathershield Keep Cool™. Would you elaborate a little on the new heat reflective technology that has been incorporated and the benefits that accrue to consumers?

AK: Firstly, AkzoNobel’s new strategy for research, development and innovation is fully aligned to the target of 30 per cent eco-premium products by 2015. Stage gate processes that we apply to all major research and development projects are reviews of the sustainability of raw materials, chemical transformation methods, production technologies and end-of-life aspects of the products. Against this backdrop, AkzoNobel came up with Dulux Weathershield Keep Cool™, an energy-saving exterior emulsion paint with heat reflective technology. Product features include: keeps exterior surface temperatures cooler by up to five degrees C, compared to conventional exterior paint; works just as effectively for darker as well as light-coloured materials and surfaces; and, potential energy-saving as high as 10 per cent, of energy used to cool your home, for a typical 15-storey building, and up to 15 per cent for a typical bungalow.

For the record, AkzoNobel employs nearly 4,000 in R&D, spending, in 2008, 353 million, ie 2.3 per cent of revenue.



ICI Paints Malaysia staff in community projects.





Dulux colour inspirations for the home – featuring Euro Living colour scheme.

B&I: The “in” thing these days is to go green and, undoubtedly, ICI Malaysia champions this global cause through product research and innovation. What products, to date, have been developed and marketed here in Malaysia that are “green”?

AK: As a responsible corporate citizen, AkzoNobel has a proven track record of caring for the environment dating as far back as 20 years ago when “green” was not even fashionable. We replaced

the lead content in our paints with something costlier which actually resulted in loss of business but it was the right thing to do. This is exemplary of the AkzoNobel philosophy that is driven from the top. Also, we have scored a number of “firsts” in the industry, such as, introducing low odour low volatile organic compound (VOC) interior emulsion products in Malaysia with Green Label accreditation whereas Dulux is the market leader for premium and environmentally friendly paints. Besides the low odour range, other “green” products introduced are:

- Dulux Trade Eco-Guard series, which is the first complete eco-friendly range of low-VOC and low- odour waterborne paints in Malaysia.
- Dulux Light and Space, a Low-VOC paint formulated with Dulux’s Lumitech technology which increases lighting energy efficiency by reflecting up to twice as much light as compared to normal emulsion paint, thereby requiring lower wattage lighting (less energy cost) for the same level of brightness. An added benefit is that it enhances the sense of space in creating, visually, a more spacious environment.

With R&D support from AkzoNobel’s worldwide network, consumer and market inputs and the contribution of dealers and suppliers, to whom I would record my thanks, we aim to deliver better and “healthier” products, a key thrust in our innovation programme, to continuing adding “colour to our lives”. ■



L-R: Ian Tan, marketing director, (ICI) Poh Cheok Weng, MD (ICI) and Eric Tan, editor, (B&I).

For more information, visit www.icidulux.com.my