Powder Coating Commentary

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Next Step: A Paradigm Shift In the Finishing Industry

You may have been wondering where the finishing industry is headed in the next few years. One possible scenario is this: The material and equipment suppliers will be building and funding the paint and finishing processes, with the end-users paying the vendors back over time, with guaranteed contracts.

Now that I have your attention, let's look at this trend the way we have covered topics in many of my previous articles. I will review this idea, and provide some insight into it from the perspectives of the end-user, the material supplier and the equipment supplier. The idea is simple, and that is why our industry is headed this way within the next five years.

Whoa ... shall I say that again, more slowly this time? In the future, manufacturers can expect to have their chemical and paint suppliers team up with an equipment builder and install the best possible system, in return for a long-term contract. Like I said—very simple. Now let's look at why this shift is coming, and why it works for all the parties involved.

The Chemical Supplier

In liquid systems, it's true that the chemical supplier has more of a role, with booth chemicals in addition to the washer or pretreatment chemicals. Someone, however, has to guarantee the performance of the washer, and while unofficially today, end-users expect them to assist in the specification or vendor selection, they aren't expected to buy or build it. When you consider that they will have the contract from the client for years, why shouldn't they? If the system has a useful life of 10 or 15 years, why not partner with the chemical supplier and pay for it over time? Makes sense.

The Paint Supplier

Granted, this gets a little trickier, but not much. The paint supplier's worst nightmare is getting someone's business, and then losing it. Because volume is vital to maintaining cost controls and maximizing profits, why not enter into a long-term agreement? Like the washer that cleans the parts, the rest of the system is intended to paint parts for at least the length of an end-user's contract—if not for the same 10–15 years. Most of the major suppliers today are full-service, offering a range of liquids, as well as a complete range of powder chemistries. If the end-user requirements change, equipment needs to be modified, well ... it gets done.

The End-user

Just how many paint lines does a plant need to build, anyway? Unless you're the size of Steelcase or General Motors, one line every few years is more than enough. Building one every five years or more, therefore, hardly constitutes being really good at it. Keeping a staff up-to-date or employing experienced people is expensive, particularly if you're not constantly building new systems to keep them busy. What about consultants? Unfortunately, you usually can't pay them enough or control their conflicting interests, and most are very dated in their technology knowledge. So it makes sense to turn to your trusted suppliers and get ready for the shift. Call them around the table, announce a new product for next year, and then give them the privilege of providing the experts, building the line and supplying technical support, in return for a three-, five- or other multiple-year contract. Instead of the cost of paint being $20/gal or $2.50/lb, it might be double. But, hey—other than the first 20–30 percent down, there aren't additional capital dollars to be requested from management. What

about cost increases? Of course there will be a few over the contract period, but if technology changes to decrease operating costs or to improve transfer efficiency, you just call in your partners and say "add it." They'll probably want to arrange for testing and document the improvements to your line before investing in the new and better technology, but you would have done that anyway if you had paid for the line the old way. Now, instead of going to management and requesting a capital appropriation for next year's budget of, say, $80,000 to be paid back in two years, your partner will install it at the next reasonable line-down period, and amortize the cost over the remainder of the contract. Management is asked to swallow an additional couple of dollars per gallon or 50 cents per pound in material cost, but plant efficiency is improving and, possibly, overall costs are being reduced.

The Other Vendors

Well, things are going to get interesting here. You know the conveyor guy won't be happy. And your local distributor might not like being out of the loop either. He has done a great job of supplying the application equipment or small additional components for years. But that doesn't mean he can't court your partner and try working for him or her. Your partner will be building a lot of these projects, and will need people who know what they are doing.

Then there are the application guys—where do they fit in? Well, they won't, unless they decide to become integrators. It really doesn't make sense for the booth or the gun suppliers to be the partners—it isn't their chemical or coating being purchased, so why would they want to provide the washer, oven and conveyor to their package when there is so little parts business? The only constant is the stream of chemicals and paint the end-user needs.

Efficiency

Just look at the streamlined process. You can almost see it. The end-user gets the partners to provide several equipment and cost options, the justification behind the investment and operating cost, and the management team awards the contract. The vendors have years of good business to look forward to, the line is maintained at peak efficiency because that is what the contract pays for, and both parties have incentive to seek out and invest in anything to improve productivity and reduce operating costs.

There is one more way this shift could work ... but that's next month's article. Think about this one for a month, and as always, call or write if you have any thoughts. **P&SF**

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It's a cold, dark morning as you hurry through the boarding tunnel and onto the plane. Perhaps you're early after all, because ... strangely ... no one else—not even a flight attendant—is to be seen. Curiosity turns to concern when you're still alone as the doors close and the plane starts down the runway. As it begins its take-off roll, panic sets in. Over the P.A. system comes the robotic announcement:

> "This pilotless drone is about to take off, headed into horribly hazardous weather. Please remember that this vehicle was not FAA-inspected; in fact, it has never been inspected by any government agency at all. And, as you well know, it was certainly never designed or intended to carry people."

Then you wake up. In the end, however, having this nightmare was one of the better things that ever happened to you, because you vow that you are going to find another way. You are never going to "ride" your programmed hoist for maintenance, anode servicing or for any other reason, and you are not going to turn away and allow your employees or service personnel to do so either.

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