



Powder Coating Commentary

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Next Step: A Paradigm Shift In the Finishing Industry, Part II

In the March issue, this column addressed the question: Where is the finishing industry headed? Using my company's observations and given our research and ability to predict, I responded that in the future, manufacturers can expect to have their chemical and paint suppliers team up with an equipment builder to install the best possible system, in return for a long-term, guaranteed contract—with the end users paying the vendors back over time. I also said that this idea is actually very simple, and predicted that within five years the industry would head in this direction.

Let's recap, from the perspectives of the end user, the material supplier and the equipment supplier:

The Chemical Supplier

Somebody has to guarantee the performance of, for example, the washer, and the chemical supplier isn't expected to buy or build it. Why not? It makes sense that these vendors stand to have the contract from the client for years. If the system has a useful life of 10–15 years, why not partner with the chemical supplier and pay for it over time?

The Paint Supplier

The paint supplier's worst nightmare is getting someone's business ... and then losing it. Because volume is everything to maintaining cost controls and maximizing profits, why not enter into a long-term agreement?

The End User

I also reinforced that building a paint line every four or five years hardly constitutes being really good at it. Having to staff up or employ experienced people is expensive. So why

wouldn't the end users work with their trusted suppliers and "get with the shift"? Call them around the table, announce a new project for next year, and give them the privilege of providing the experts, building the line and providing technical support. In return, offer them a three, five or any other multiple-year contract.

The Other Vendors

I acknowledged that not all the other vendors would be thrilled. In this new approach, however, the ultimate supplier will be building a lot of these projects, and will need to work with partners (local sources or smaller firms) who know what they are doing.

Efficiency

With this streamlined process, the end user gets the partners to provide several types of equipment and cost options—the justification behind the investment and operating cost—and the management team just has to award 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 incentives to seek out and invest in whatever improves productivity and reduces operating costs.

The Other Option

Nobody likes limited choices. One could argue that, if this shift occurs, the materials suppliers or the chemical suppliers can elevate the price of the systems, creating a monopoly for some companies. I disagree. There is another way that this shift can work, which involves system integrators—especially those who have large portfolios of technology from which

to draw. Such companies have the ability to take the end user's requirements and create various alternatives on how to clean, paint and cure the products. Additionally, they have the resources and engineering talent to harmonize the environmental aspects of the project. They can suggest various means of conveying, loading and unloading, and handling the product that can improve the entire process—not just painting the product. Is this an area of expertise for the chemical supplier or the paint supplier? Hardly! Can the same type or style of automation move the product through the system, as well as paint it or inspect it? Unfortunately, the smaller system integrators in the industry seldom have this expertise. If they do, they are limited to how many projects they can accept because they have so few employees with the skills.

Do I see a hybrid application of these options? Certainly! Will chemical suppliers, paint suppliers and the larger integrators work together on projects? Yes! Will a company with only one plant that requires a new large line need to use one of the larger firms? No. Will the company with multiple plants benefit from what a larger firm has to offer, by providing continuity among the plants and corporate facility group? Yes. Are there casualties in this shift? Yes. The application equipment companies and smaller integrators (<\$1 million systems) may not have the financial clout to weather this shift, unless they focus on becoming partners or suppliers to the new, larger players.

Well, that's enough controversy for one series of articles. Feel free to e-mail with your thoughts. **PESF**