

THE BIRTH OF A GIANT

Having conquered the European market of varnishes and paints for wood, the Italian IVM group is ready to enter the world of hi-tech coatings, through a new division called IVM Chemicals. Massimo Miato reports.



When Industry Europe last reported on Industrie Vernici Milano (IVM), we told the story of how this Italian company had become a leading player in the European varnishes sector – a success achieved through a strategy of growth, strategic acquisitions and clever investments in technological improvement.

Four years later, IVM has made the most of its investments and its development opportunities. As a holding company operating in the field of varnishes and elastomeric coatings, IVM has built annual sales to more than €350 million, is producing 140,000 tonnes of paints a year and employs more than 1300 people overall – 200 of whom are in the vitally important R&D department. The group's headquarters are still in Milan, but IVM's international structure now extends over most of Europe, from Greece to France, and including Poland, Germany and Spain.

A new giant

The IVM group has recently announced the next phase of its development, based on a strategy which combines three of the

its most important companies – Milesi, ILVA Polimeri and Intercoating – to create a new division called IVM Chemicals.

The first priority is expansion in the new but already competitive hi-tech coatings sector, and IVM will be adopting the same strategy of extending its influence in the market and being one step ahead in technology.

The combination of the three IVM companies has created the biggest Italian company in the not-so-niche sector of hi-tech paints for woods. The target now is to invest in research and to lower costs by concentrating production in one area, in order to become the largest-ever European paints and coatings producer.

The new division will turn over more than €190 million this year, and employs 800 people. A clear result of the changes is that the entire IVM group is ready to exploit new opportunities for growth, in both the Italian and international markets.

The creation of a larger and even more technologically advanced R&D department reflects IVM Chemicals' goal of

developing products for new fields of application – this means investing in the further development of each product in order to improve reliability and cost-effectiveness.

The new research laboratory will shortly become probably the most important centre in Europe for nanotechnology research into new, revolutionary coating systems and polymer technologies. These new systems will become suitable for an even greater range of applications than now, as they will be used for indoor and outdoor coating, and even for some less traditional applications such as anticorrosion paints and marine coatings for yachting.

IVM says such achievements will only be possible by concentrating and coordinating the activities of all R&D operations within the group. For IVM, this strategy is vital in competing with the low-quality coating systems that have been entering the market over the past few years – an uncontrolled flood of products which are not very reassuring for the end user, especially from the point of view of health, safety and the environment, says IVM.

Cooperating with partner labs is another important factor behind the success of IVM's research departments. The group's approach is that acquiring specific knowledge is more important than concentrating on pointless competition, and this is especially true in the hi-tech applications sector. For this reason, IVM labs make their knowledge available to the group's key partners – the pay-back is significant as these partners' R&D departments work in close cooperation with IVM's.



Productive features

The next step in the company's long-term strategy for further growth is based around consolidating production, in order to keep costs low. In 2001, IVM opened a new, highly automated production plant in Parona, near Pavia. This was a state-of-the-art demonstration of using investment in automated solutions to fight back against low-quality goods coming from South East Asian competitors – producing high-quality coating solutions but reducing production costs at the same time and offering a continuous cycle of production that could satisfy the increasing demands of international markets.

IVM Chemicals has already announced that it will invest in further enhancement of the Parona plant, in particular concentrating on harmonising the various production processes and setting a new standard for customer care services. Both strategies show IVM preparing to get the best out of the strong expansion phase it is expecting.

Federica Teso, vice-president of IVM since 2002, says the success of the IVM group is based on a stable management structure, which has made it possible for the group to plan its activities with a long-term perspective. "When the Parona plant was founded at the beginning of the 2000s, it was already one of the biggest and most modern production sites in the world for the

varnishes and paints sector," she says. "This resulted directly from our decision to concentrate production in order to be more competitive in international markets.

"With the creation of IVM Chemicals, we are beginning the next step in our long-term strategy of development. It is a strategy which will provide us with the double advantage of reducing our costs by exploiting logistic and productive synergies between the companies of our group, and making higher-quality products by concentrating our R&D structures even more. The latter, in particular, will be extremely important for us to succeed in international markets. That said, the IVM group will continue to have its products distributed under the historical brands Milesi and ILVA Polimeri, which also have their own independent distribution structure in Italy and abroad."

Internationalisation

Four years ago, today's president of IVM, Adriano Teso, highlighted how difficult it was for Italian and European companies to establish solid relations with Chinese partners, despite IVM's participation in the construction of one of the most important Chinese paint and varnish production plants, in the Guandong region. Now that the international market situation

has changed dramatically, and the importance of Chinese companies for European firms has increased, the Italian group seems to have no intention of leaving Italy, at least in terms of production.

Federica Teso says: "In the past few years, big European chemical companies had to choose whether to move their production facilities to China or not. Unlike most of our Italian competitors, we have chosen not to do so, because we think that the quality of made-in-Italy products cannot be replicated elsewhere. Having said that, we are not postponing our strategy of international expansion. On the contrary, we want our production site in Italy to become a true point of reference for international markets."

Today, the influence of the IVM group extends over more than 70 countries in the world, in many cases through cooperation agreements with strategically important local companies. All of these companies have been included in the establishment of a worldwide distribution and technical assistance network, which guarantees the full support of every end user, no matter where they are or what their needs.

With a detailed plan for expansion in place, involving more and more local partners, IVM's distribution network is continuously expanding. □

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