

Plastics News

Challenges at Sabic open doors to competition

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Some North American resin distributors have benefited from delivery problems experienced by Saudi Basic Industries Corp.

"The situation at Sabic has helped our business," said John Moisson, president of Jamplast Inc. in Ellisville, Mo. "We've seen a lot of

activity because customers can't get material from them."

Moisson added that most of the Sabic-related activity has been in polycarbonate and PC/ABS. He also said that, more recently, Sabic appeared to be "doing a better job in keeping their customers supplied."

Sabic, based in Riyadh, Saudi Arabia, with U.S. headquarters in Houston, put a new enterprise resource planning computer system in place in October and began having delivery problems almost immediately. Customers for months have been reporting shipments that were late or incomplete or that were of the wrong material.

These problems have occurred even though Sabic as early as 2015 began working with customers, suppliers and business partners to prepare for the new global ERP system. The new system is designed to further automate and simplify Sabic's business processes.

Market sources have told *Plastics News* that they were seeing delays for shipments of polycarbonate, PC/ABS, polybutylene terephthalate and related compounds made by Sabic. The ERP system covers materials made by the former GE Plastics business, which Sabic acquired in 2007. The new

system also affects deliveries of ABS, Ultem-brand polyetherimide, Noryl-brand PPO/PPE and other specialty resins and alloys.

In a recent email to *Plastics News*, Sabic spokesperson Susan LeBourdais said that the firm "is continuing to optimize its recently implemented system."

"While we have made substantial progress, we continue to pursue post-implementation actions that will take us to industry-class fulfillment levels," she added. "We continue to provide communications to our customers regarding our progress."

Sabic's situation was further complicated in mid-June when its PC production plant in Burkville, Ala., had to be taken off line because of equipment problems, but LeBourdais said that the Burkville plant "completed repairs and is resuming normal operations."

"The allocation on certain Lexan [PC] resin grades is still in effect," she added. "We continue to work with our customers to assess their needs and our ability to continue to supply."

Although some distribution executives said Sabic's delivery performance was improving, others didn't share that same opinion.

"The situation hasn't alleviated as much as we would have expected," said Ed Holland, president and CEO of M. Holland Co. in Northbrook, Ill. "Other producers have had to fill in the gaps, but some of them are sold out, so we can't get growth there.

"We've had to turn down opportunities in polycarbonate, so we haven't been able to grow as much as we would have liked," he added. "Imports are covering some of it, but not all of it."

Holland and other executives also said that new projects aren't being sole-sourced by Sabic resins. "Processors don't want to get caught again, so they're getting multiple sources approved," he said.

Holland added that the damage to Sabic from delivery troubles "could be long-lasting" because of the length and depth of problem. "They've hurt a lot of people and damaged trust," he said.

Osterman & Co. of Cheshire, Conn., "has walked into accounts and earned new business this year" by offering similar resins made by other suppliers, said David Dever, distribution sales vice president.

But he added that "when Sabic is back up and running, people might have short memories and go back. If that happens, we hope we can be a second supplier."

At Nexeo Solutions, a Sabic distributor based in The Woodlands, Texas, the situation "has been a distraction to our commercial organization because it's been a prolonged disruption," according to Shawn Williams, plastics senior vice president. "Companies are frustrated," he added. "But Sabic is still an important supplier to the industry."

Sabic's struggles "have incrementally helped to co-specify resins for certain applications," said Kevin Chase, president of Chase Plastics in Clarkston, Mich. "Any time suppliers struggle, there are opportunities," he said. "And now more processors are co-specifying. They're going back to their customers and talking about it."

PolySource LLC of Independence, Mo., has seen "significant new business come in" as Sabic has struggled, according to sales and marketing vice president Bob Findlen. "Our suppliers have equivalent products," he said, adding that Sabic's problems "could be longer-term because of the depth of their issues. Things are getting better — but not much better."

Sabic's struggles "have been very positive for our business," said Greg Boston, a partner at General Polymers Thermoplastic Materials in Clarkston, Mich. "When there's turmoil and challenges in the marketplace, we see opportunities," he said. "Customers have been driven to pick up the phone and say 'Can you help us out?' It's opened doors for us."

Conventus Polymers LLC of Parsippany, N.J., has seen "a nice boost" in sales as a result of the Sabic situation, according to co-owner John Jorgensen III. He added that he believes Sabic's delivery performance is improving.

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