# Kent Chemical Case Analysis

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LDR 660-OA

April 28, 2013

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Kent, founded by the Fisher family in 1917, established its corporate headquarters just outside of Akron, Ohio in a small town called Kent (Bartlett & Winig, 2012). Kent became a leading global specialty-chemical company when it chose to diversify into additives and other specialty chemicals, developing these products within their own research laboratory in 1953 (Bartlett & Winig, 2012). Kent Chemical Products has grown throughout the years from its core domestic business to an international operation struggling to fully integrate globally.

In 1998, CEO Ben Fisher decided global expansion would be Kent's top priority stating, "Our goal is to remake Kent from a U.S. company dabbling in international markets to one that develops, manufactures, and sells worldwide" (Barlett & Winig, 2012, p. 3). This goal proved to be more difficult than first anticipated, when after two reorganizations Kent's Chemical International president Luis Morales had not yet been able to align the international side of the business with the core domestic side (Bartlett & Winig, 2012). Unable to find a resolution internally and facing threats in the global economic environment, Kent's three senior executives contacted an international consulting firm, known as Sterling Partners for help.

## Primary Issues and Opportunities

Kent Chemical has seen many changes within the nearly 100 years of business. Over the years, Kent Chemical has entered new markets, "gone global," and become a leading specialty-chemical company (Bartlett & Winig, 2012). With the many different markets that Kent Chemical is involved in comes issues that have been challenging to correct. One of the issues that Kent Chemical has had to deal with over the more recent years has been the relationship between Kent Chemical International (KCI) and Kent Chemical Products (KCP). There seems to be a breakdown in communication between the regional and international companies, as well as product issues based on geographic location. When Kent Chemical began selling the halogenated flame retardant, it experienced successful sales in the United States, but did not do so well in European countries (Bartlett & Winig, 2012).

## Response and Opportunity

Kent Chemical Products and Kent Chemical International must work cohesively in order to grow the company globally. In order for Kent Chemical Product and Kent Chemical International to be unified, a team of select qualified individuals will need to be formed between the two companies to open up lines of communication. The first step would be to identify areas of improvement between the two companies and come up with a way to improve the communication process. By hiring an outside firm as a consultant, the two companies would take the first step toward resolving their communication issues, so that neither division feels threatened.

Kent Chemical Product and Kent Chemical International will need to explore the market entry, product specialization, value chain disaggregation, value chain engineering, and the creation of a new market (De Kluyver, 2010). Each of these are key components in developing a global company but not all five of these steps are necessary for any company to follow; some steps could be skipped (Bartlett & Winig, 2012). Each of the companies will have a different customer base depending on their geographic location. According to Porter's National Diamond clustering theory, different geographic locations offer a comparative advantage as a result of natural endowments (Porter, 2008). United States-based Kent Chemical Product and Kent Chemical International produce halogenated flame retardant as their main product; however, internationally, each country had different specifications for flame retardants, so each product had to be produced differently depending on the geographic location.

Kent Chemical Products and Kent Chemical International will need to follow the Clustering Porters National Diamond theory, which consists of the following six components: 1.) factor conditions, which explains why certain regions of the country attract certain business; 2.) home country demand, which is the demand of the home country whether they have large or small markets; 3.) relating and supporting industries, which includes the supporting industries in the region; 4.) competitiveness of the home industry, which summarizes the "five forces" competitive framework; and 5.) public policy and chance, which describe the role government plays in the industry (De Kluyver, 2010).

These companies will need to implement a strong team with the main goal of making the company competitive in the global economy. The team must set clear and concessive goals to be reached with realistic deadlines. When it comes to the innovation part of the company both the United States and the International Company should link via the Internet to allow the opportunity for all company employees to introduce an idea and let their imagination drive their ability to compete with new products.

## Organizational Response to Issues and Opportunities

Although Kent already has a global presence, they do not have the global position or posture that they should have. In order for the team to implement and evaluate the chosen strategy, they will need to evaluate the company within the five stages presented by De Kluyver: market entry, product specialization, value chain disaggregation, value chain reengineering, and he creation of new markets (De Kluyver, 2010).

It is within these stages that the company will be able to implement different aspects of the cluster. It is also important to encompass the SWOT analysis ("SWOT Analysis I," 2006; SWOT Analysis II," 2006) in every stage when positioning globally. To reiterate what the SWOT analysis does and how it can assist Kent in its endeavors of obtaining a more prominent global posture, the organization has to inspect all aspects and consider all factors at each stage. In doing this, they will illuminate and acquire understanding of the market within the different countries that they operate.

Concurrently, as Kent is operating within the five stages and implementing the SWOT analysis, they should also recognize the aggressive market forces within the country where they are engaged in business. Once those forces are identified, an analysis of what is driving those forces should be conducted and capitalized upon. These actions will allow Kent to directly impact the root or core of the market and give them the position of controlling the market and increasing their profitability as well as their global posture.

## Conclusion

Kent Chemical Products was once a family owned rubber producing company. Today, they are a leading global specialty-chemical company with a vision to expand its international market niche into a truly global integrated company. To achieve this goal, the relationship between Kent Chemical International (KCI) and Kent Chemical Products (KCP) must become integrated; together they need to align both sides of the business into one vision working to achieve the same outcome.

Communication between the two companies was a definite problem. The first step to building a cohesive relationship between the two was to identify common areas and build upon the communication process. When the company was not able to achieve cohesiveness internally the three senior executives chose to hire an outside consultant firm to help. One way to align the two company processes were to go through the five steps of globalization and to use Porter's National Diamond clustering theory. These two methods would allow Kent to look at each stage of global entry singularly and then build upon those findings to ensure that the business was strategically aligned in a geographic location that would bring them a competitive advantage. Linking communications between KCI and KCP via the Internet would provide an easy way for employees from both companies to introduce new innovations and work together to bring those ideas to light as a new product.

Finally, KCI and KCP will need to perform a SWOT analysis to evaluate each company's internal strengths and weaknesses as well as recognizing the external opportunities and threats they face in "going global." Once they gain the knowledge of the markets in each country and understand the driving forces within those markets they can reorganize their companies in accordance to their strengths. This will place them in a position to impact the core market and achieve global success.

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