Within the coatings industry, formulators have seen quite a bit of volatility amongst suppliers over the years with acquisitions, divestitures and companies leaving the industry. However, since 1927, one resin supplier has been a steadfast leader in the coatings market. That supplier is Reichhold.

**Early Innovation**
This year, Reichhold is celebrating the company’s 80th anniversary, as it was founded in 1927. While working for the paint division of the Ford Motor Company, Henry Reichhold imported some specialty resins for coatings applications from his family’s Vienna-based company, Beck, Koller & Co. to demonstrate the possibility of improved performance in automotive coatings.

In those days, a major stumbling block in the mass production of automobiles was the lengthy drying times associated with the primitive automotive paints and painting processes – times as long as several weeks! As head of the automaker’s paint division, Henry Reichhold was approached by Henry Ford in 1925. Ford asked Reichhold if he had any ideas on how to speed up the drying process, and how they might introduce new colors to Ford automobiles.

Using resins imported from Beck, Koller & Co., Henry Reichhold was able to reduce the drying time for paint on Ford’s Model T from weeks to mere hours. The new resins vastly improved the final body finish as well. This allowed Ford to increase the speed of its assembly line and the amount of cars it could produce for the masses. Henry Reichhold’s work also enabled the introduction of colors other than black (the only one available at the time) for Ford automobiles.

**Reichhold Growth**
Two years later, Henry Reichhold left Ford and acquired facilities in Ferndale, MI, creating a coating resins company that would grow into Reichhold Chemicals, Inc., now known simply as Reichhold, Inc.

Over the past 80 years, Reichhold has grown from one man’s vision into a global supplier to the coatings and composites industries. Through both organic growth and acquisitions, Reichhold has established itself as a leading supplier of resins and other polymers to many of the world’s leading coatings formulators. From large corporations to smaller, regional manufacturers, Reichhold supplies a wide variety of chemistries for practically every coatings application in the marketplace.

From 1987 to 2005, Reichhold was a subsidiary of Tokyo-based Dainippon Ink and Chemicals (DIC). In 2004, Reichhold former senior executive John Gaither approached DIC in a bid to purchase the company he had served for more than 30 years. DIC declined to sell in 2004, but asked Gaither to return to Reichhold and lead the company, in an effort to turn around sagging profits.

**Management Buyout**
After a year on the job, Gaither and five other senior executives led a successful effort to purchase Reichhold from DIC in a deal that closed in September 2005. “The management buyout (MBO) of Reichhold by veteran executives has been very positive for both Reichhold and DIC,” says Reichhold Chairman, President and CEO John Gaither.
Gaither is quick to point out that his team did not buy Reichhold only to “flip” the company for a quick profit, something that they could have done quite easily. “We acquired 100 percent of the company in the deal,” Gaither explains. “And, as I’ve said repeatedly to employees, customers and suppliers, we are not an equity fund looking for a quick exit from this business.”

“On the contrary, it is our common goal within the ownership team to create value over the long term for customers and owners,” Gaither says. Fellow owner and Senior Vice President, Global Coatings, Rodney Biddle echoes Gaither’s thoughts. “I just celebrated my 40th anniversary with Reichhold,” Biddle says. “My first retirement was in 2002, but I jumped at the opportunity to return to Reichhold working with John and our fellow executive team members, and to be an owner of the company where I’ve worked for decades.”

Biddle points out that Reichhold is a company where you can work your way from the ground floor all the way to the top. And he should know. Biddle began his Reichhold career right out of high school as a “yard utility man,” in a job where he cleaned out trucks, railcars and tanks.

He later moved into the company’s laboratory operations and began his secondary education, eventually earning a bachelor’s degree and later an MBA, all the while progressing through the ranks at Reichhold. This progression put Biddle on a path to leading the company’s North American coatings business. He now serves as both senior vice president for global coatings and is a company owner.

Gaither and Biddle are joined on the Reichhold management team by Doug Frey, executive vice president, global composites; Bill Branson, senior vice president, operations and supply chain; Mitzi Van Leeuwen, senior vice president, corporate services; and Roger Willis, chief financial officer and treasurer.

Combined, Reichhold’s ownership has over 135 years of experience between them. Even before the team finalized its ownership of the company, there were a number of basic issues to address before Reichhold was put back on the road to success. “The difference in our approach has been to make sure that everyone at Reichhold is focused on the basics, and doing them well,” Gaither explains.

“As Reichhold previously went through reorganization after reorganization, we often had leadership that had little or no knowledge of the primary markets we serve (coatings and composites),” he says.

Gaither says his team has worked hard to improve productivity at its plants in recent years. “Our previous owner, DIC, invested a great deal in Reichhold’s plants, but often failed to implement the final, small changes that could make a real difference. That’s one of the first things we worked on.”

At the same time plant optimization was taking place, Reichhold management placed a strong emphasis on the basics. “You cannot be successful in any industry if you can’t provide products on-time, in-spec and at competitive prices,” Biddle says. “We’ve made it a top priority to excel at these basics so our coatings industry customers know beyond a doubt that they can count on Reichhold to do what we say we’ll do and to live up to our promises.”

Once the company was able to shore up the basics, it was then able to focus on not only growing its share of existing businesses, but developing products that will take Reichhold and Reichhold’s customers into new and untapped markets and applications.

“Customers now understand that Reichhold is here to stay,” Gaither points out. “I believe they understand that a transformation has occurred in all functional areas at Reichhold over the past two and a half years,” he continued.

“When we returned to Reichhold (in 2004), the company had a lot of practices that frankly didn’t make a lot of sense,” Gaither continues. But, the criteria for any process at a customer-centric company should always be that those processes focus first on the needs of customers. That’s pretty basic, but it’s not a universally followed practice.
Many corporations hire consultants to spend exhaustive periods with their personnel to develop company values and mission statements, a practice Gaither views with quite a bit of skepticism. “You shouldn’t have to hire a consultant to tell you what your values are,” he explains. “So, I’ve kept Reichhold’s values pretty simple, fitting into three bullet points at its bare minimum,” he explains. “We believe a company’s values should be simple, easy to understand, and the basis for how business is done, every day.”

“First, we will operate ethically and legally. Ensuring that a company and its representatives operate in a legal and ethical fashion should be a given value, but we choose to highlight the importance of both in an era when some companies try to draw sharp distinctions between what is legal and what is ethical,” Gaither says.

“Secondly, we will create value for our customers,” he continues. “Reichhold achieves success only when our customers succeed. We strive to create value for customers through innovative products, unmatched customer service and value-added services that all combine to give our customers the tools they need for success in the markets they serve.”

“And finally, we will keep the company intact,” Gaither explains. “When we acquired Reichhold in 2005, our goals were, and continue to be long-range in scope, with the idea of keeping the company together by strengthening its foundation.”

Technological Innovation Today
It has been nearly 18 months since the management buyout, and Reichhold continues to establish itself as an industry leader and solutions provider for coatings manufacturers, according to Business Director Tony Rende.

“Reichhold continues to invest heavily in new technologies and introduced a variety of new products in 2006 to help coatings formulators meet ever-changing market conditions and VOC regulations,” Rende explains. “These include exempt, solvent-cut alkyds for industrial finishes, sold under the BECKOSOL® brand, water and lower-VOC, solventborne UROTUF® polyurethanes for floor finishes as well as patented waterborne EPOTUF® epoxy curing agents for industrial maintenance applications. We’ve also broadened our line of VOC-compliant acrylic polyols for two-component urethane finishes,” Rende continues.

“Reichhold is one of only a few companies that actively develops products across a wide range of technologies,” Rende says. “This gives us the opportunity to develop products that really fit the customers’ market needs and manufacturing processes. In 2007, we expect to introduce even more new products that will have significant impact on our customers’ ability to meet even the most stringent regulations.”

Technology Director Dr. Carl Sullivan points out that Reichhold recently introduced a new water-based epoxy coating for metal surfaces. “This is one of the first products of its type in the industry as part of Reichhold’s efforts to leverage our core technology competency and provide customers with environmentally friendly products,” Sullivan says.

Reichhold’s patented technology provides the corrosion protection of solventborne coatings through waterborne chemistry. Coatings based on this new curing agent and Reichhold’s epoxy resin aqueous dispersion perform well on metal substrates, pro-
viding excellent corrosion resistance equivalent to many solventborne systems, but at lower VOC levels.

Sullivan says Reichhold has also developed an innovative emulsion polymer for coating polypropylene plastic. “This product simplifies the coating process by eliminating the need for primer coats or surface treatment while maintaining excellent adhesion to the substrate,” he explains.

“Reichhold has come a long way since its beginnings in 1927,” says Randall Vasseur, North American director of sales (coatings). “The fact that we are still around today says a lot about Reichhold as a company, especially in today’s business world.”

“The management buyout has only strengthened our position as a leader in the markets we serve,” Vasseur continues. “The management team has brought stability and confidence to the company and also to the market place. Reichhold continues to invest heavily in its sales organization. The pressure to succeed in today’s business world has never been greater, and we are up to these challenges.” Vasseur explains.

“Our focus is in developing a sales force with the necessary skill sets to meet the demands of our customers and the ever-changing markets we serve,” he says. “We will create value for our customers, both in the short- and long-term scheme of things. It’s a win/win situation for both,” Vasseur concludes.

From faster-drying paint for the Ford Model T, to helping customers meet VOC regulations in 2007, Reichhold’s focus has remained the same: provide products that deliver solutions for customers.

For more information on Reichhold and its products for the coatings industry, visit www.Reichhold.com or