
Book Reviews

Fine Chemicals: The Industry and the Business

By Peter Pollak; John Wiley & Sons, Inc., New York, 2007;
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Books deeply and extensively describing an industry and its relevant business environment and segments are not very common. In most cases such information can only be found in expensive reports released by consulting organisations or trade associations and written by supposed ‘industry experts’ with limited, if any, specific experience, and even then they are often based on second-hand information.

Peter Pollak’s book finally offers something reliable and exhaustive for all those who have a direct or indirect interest in fine chemicals whether they be junior or senior managers, suppliers, customers, investors, academics, students, authorities, related industries or consultants.

Industry reports always aim to give a more or less ‘current’ picture of the industry, often devoting many pages to describe and explain what happened and who did what, and usually leaving only a short section for, often questionable, predictions. Besides the reliability issue, these reports become quickly obsolete in such a fast-changing industry.

This is not the case with ‘Fine Chemicals’. Although data, figures and cases mentioned within the text must make reference to the near past, their main purpose is to explain, sustain and reinforce concepts that come from the great experience and knowledge of the author. This book will not become obsolete

and will remain a reference handbook for a long time.

The first section covers the structure of the fine chemicals industry, with a very detailed description of the various categories of players and their strategies, the manufacturing structure with all the relevant technological components, and also has managerial suggestions. The quantity and relevance of references to real cases is very impressive indeed.

Information about specific company successes and failures detailed in this section is of particular interest for all those companies in the process of designing a strategy in this industry and suggests that the author is clearly a valuable and, we should add, unforgiving witness of many corporate decisions.

The second section is an extensive overview of the fine chemicals business and its main segments: pharmaceuticals, agrochemicals and animal health and other speciality chemicals. The market, its demand drivers, customer base, and its relevant ‘rules of the game’ and marketing approaches are analysed for each segment. With so much information available in a single book, this makes it an invaluable tool, and much more considering the coverage of the different business areas, which have almost only the technological aspects in common.

While data on the different market sizes is given, their potential accuracy is also appropriately analysed and the assumptions used as a starting point to generate the figures are clearly stated.

The third section is devoted to the future and takes into consideration 'mega-trends' and macroeconomic aspects which will directly or indirectly affect the businesses such as the role of developing countries, biotechnologies, changes in the pharmaceutical arena, outsourcing as well as scientific and technological developments.

Some interesting conclusions are included which are, according to the author, the key factors that will make a company successful in this industry.

The first is having fine chemicals as the core business, with the addition that, in general, 'big is not beautiful', since in large diversified corporations fine chemicals are usually not the core business.

The second factor is linked to the availability of technologies that can differentiate a company from its competitors. Such technologies are those which can be in some way protected by high entry barriers or those which require specialised equipment and/or specific competences.

The third factor is having a presence in 'Chindia' (China and/or India), where fine chemicals producers should take advantage of the 'high skill/low cost' opportunities and the huge potential market in that area. This

presence might be in the form of joint ventures, alliances or acquisitions.

A fourth factor is not listed by the author here but is clearly stated in his managerial suggestions in the second section where he writes what the CEO's characteristics should be. In addition to fundamental entrepreneurial capabilities, business knowledge and management competence, he/she should have a strong chemical background with laboratory and, at least, pilot plant experience.

Finally, the book includes a number of interesting and useful appendices with sources of further information, a check list for new product evaluation, a custom manufacturing project scheduling form, a company performances evaluation scorecard, the job description for the right business development manager, a list of selection criteria for outsourcing partners, a check list for preparing a customer visit and a simple outline of an effective company presentation.

Besides its general interest, this is a book to be recommended to all those executives and managers responsible for strategic decision making and business development in the fine chemicals industry, and as a training tool for all those promising and ambitious employees who want, or are planning to be, the managers of tomorrow.

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