

INDA's Small Business Newsletter

Covering Issues That Affect You

February 15, 2006

INDA SMALL BUSINESS E-REPORT

Welcome to the INDA Small Business e-Report. This monthly e-publication provides INDA members with insight and advice on operating a successful small business in today's nonwovens industry.

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Editor's Note: The INDA-sponsored Vision 2006 Consumer Product Conference in Denver in January offered a wealth of business advice for smaller companies. This newsletter reviews some of the presentations that were invaluable to attendees. Even if you don't sell into the consumer products segment, this advice can help your company compete. Stay tuned for announcements on the time and location for Vision 2007.

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LITTLE GUY TRUMPS BIG COMPETITION FOR 2006 VISIONARY AWARD

In a sense it was the triumph of the small company – relatively speaking – over much larger competition as Chicopee was selected as the recipient of the prestigious 2006 Visionary Award against competition from consumer products giants Procter & Gamble, Kimberly-Clark and Johnson & Johnson.

The Visionary Award was presented at the successful Vision 2006 Consumer Products, held January 15-18 in Denver. Strong attendance (more than 400 people attended from around the world), stellar speakers and the highly competitive Visionary Awards competition highlighted the four-day conference sponsored by INDA. The fifth annual event brought together companies from both the consumer products and engineered fabrics industries

The highlight of the Conference was the selection of the Disaster Relief Blanket from Chicopee as the recipient of the 2006 Visionary Award. Vision 2006 attendees chose the Disaster Relief Blanket over four other finalists – the Mr. Clean Magic Reach from Procter & Gamble; Johnson & Johnson's Stayfree Advanced Protection; the Disposable Mitt With Body Wash from Kimberly-Clark; and Cotton Enhanced Baby Wipes from PGI Nonwovens.

“Consumer products that are utilizing nonwoven fabrics are playing an increasingly important role in both our everyday lives as well as in extraordinary situations,” says Michael Jacobsen, Visionary Award project coordinator. “The Vision 2006 attendees recognized the contributions the Chicopee Disaster Relief Blanket is making in emergency situations around the world and it was chosen over four other extremely deserving and successful consumer products from some of the biggest names in the business.”

P&G WELCOMES IDEAS FROM SMALL COMPANIES

There appears to be a way for even the smallest company with a good idea to get it in front of Procter & Gamble product designers. Just tell them about it.

Consumer products giant P&G has come a long, long way from its days as an insular, “my-ideas'-only” company that looked down on outside ideas. Today, as P&G's Larry Huston told the audience at Vision 2006, the company not only is looking for outside ideas from companies of all sizes, it believes its success depends on it.

That has given birth to its groundbreaking “Connect & Develop” concept, which now dominates its product development efforts globally. “P&G has moved to a connections model, rather than its previous inventions model,” Huston said.

That means outside ideas and product development are the keys to P&G's mandate of \$4 billion in annual sales growth, a target the company readily admits

is unattainable by inside talent and resources alone. Hence, its acceptance of the unique “Proudly Found Elsewhere” concept.

In 2000, less than 10% of the company’s products in the market came from ideas outside of the company. Today that number is 35%. Referring to its immensely successful Swiffer product, which was brought to the U.S. in cooperation with Asian rival Unicharm, Huston said “we no longer see competition as competition. We see our competition as an extended part of our enterprise.”

Stressing that P&G is very specific on its needs and on what type of outside ideas it is seeking, he strongly urged all Vision attendees (and, of course, readers of this newsletter) to contact him with their ideas; indeed, he wanted to add everyone to his database as P&G openly welcomes new ideas. “We assume that for every need we have there is a solution out there,” he said.

SUSTAINABILITY A MAJOR ISSUE AT WAL-MART

Want to do some business with Wal-Mart? Or do you already supply a Wal-Mart vendor with your products. Then you are going to want to get a little “greener.”

In a Vision 2006 presentation entitled “Sustainability for Business Advantage,” Chris Laszlo, of Sustainable Value Partners, reported on the sustainability efforts that are driving business at retail giant Wal-mart. The chain’s goals, he said, are to eventually be supplied 100% by renewable resources, to create zero waste and “to sell products that sustain our resources and environment.”

“This is not a moral or public relations effort,” Laszlo explained. “It is about positioning Wal-Mart to succeed in the future. The competitive environment has changed to make sustainability vital to a company.”

And smaller companies should pay particular attention to this: Wal-mart has publicly stated that, while it will not penalize companies that don’t make sustainability efforts, it will reward companies that do. “Environmental factors are part of the Wal-mart buying process now,” he said. Get the message?

BECOMING A ‘COMMODITY’ CAN BE A SMALL BIZ DEATH WISH

The nonwovens and consumer products industries have a choice as to whether they are going to become a commodity-based business or offer value-added products, challenged Vision 2006 opening speaker Sam Hill, principal of the consulting firm FTI Helios. “You can choose to be more differentiated or you can choose to become more commoditized,” he said. “It is a group choice.”

Smaller companies in particular should pay close attention to a list of 10 actual things they can do as a company – and as an industry – to stave off commoditization.

1. Ban Commodity-think. “Never use the ‘C’ word in polite company,” he challenged. “Commodities only exist if you think they are commodities.”
2. It’s All In The ‘Who.’ Know who you are, and be it.
3. Bet on the Brand. “Work with what you have and stay behind it,” Hill advised. Don’t put new technologies only in new products; use them to advance your existing brands as well.
4. Elevate the Discussion. “If you want to fight commoditization, you have to be able to take the discussion to a higher level than just price,” he said.
5. Be Yourself. Every company is unique and has its own way of doing things. “Sometimes that means being different,” Hill said.
6. Don’t Be Afraid To Be Different. Embrace your company’s uniqueness.
7. Communicate Relentlessly. This doesn’t mean spending millions on advertising. It means keep talking to your customers.
8. Spend Wisely. It’s not how much you spend, it is how you spend it.
9. Count on Cumulative Differentiation. “Companies and industries need to look for more than one thing that differentiates them. Give your buyers 20 points of differentiation.”
10. Beware The Enemy Within. “The person most likely to commoditize your company is already in your company,” he warned.

Put these 10 points together and then “execute relentlessly and ferociously. If you do nothing, the industry will commoditize. This is a great time to do something about it.”

ALL COMPANIES CAN ATTEND INDA ANNUAL MEETING NEXT MONTH

If you think Vision would have been a great meeting to attend, think about attending the INDA Annual Meeting, March 5-7 at the Biltmore Hotel in Coral Gables, Fla. These three days can be an invaluable business networking opportunity for smaller INDA members.

“The INDA Annual Meeting is a time for member companies of all sizes to network with their peers to foster a sense of cooperation and camaraderie within the nonwovens industry, and to develop a strategy for the future,” INDA President Rory Holmes says. “I invite and encourage all INDA members to attend.”

The INDA Annual Meeting is one of two annual events designed to foster networking and communication between top executives. Only INDA Members are invited to the Annual Meeting.

The featured speaker at the 2006 Annual Meeting of INDA will be Peter Ricchiuti, a professor at Tulane University. The popular and always-entertaining Ricchiuti will provide a unique perspective on the global and domestic economic and business climate, tempered with personal insights into the impact of Hurricane Katrina on his home city of New Orleans.

Also on the schedule for the three-day event will be roundtable discussions on hot topics ranging from the need for innovation in engineered fabrics, the outlook for the global nonwovens industry and outside influences on the business of nonwovens.

INDA will also conduct its annual business meeting and present the "State of the Association" report. To enhance the networking, there will be golf and tennis outings as well as a spouse/guest program.

For more information on the INDA 2006 Annual Meeting, March 5-7 at the Biltmore Hotel in Coral Gables, Fla., contact INDA at 919-233-1210; <http://www.inda.org>.

INDA MEETINGS CALENDAR

2006

INDA Annual Meeting: March 5-7, Coral Gables, FL

INTC 2006: September 25-28, Hilton Americas – Houston, Houston, TX

Needlepunch 2006: October 17-19, Hilton Charlotte City Center, Charlotte, NC

Filtration 2006: November 28-30, Pennsylvania Convention Center, Philadelphia, PA

2007

INDA Annual Meeting: February 25-27, Marco Island, FL

IDEA 2007: April 24-26, Miami Beach Convention Center, Miami, FL

Filtration 2007: November 13-15, Navy Pier, Chicago, IL

THAT'S ALL, FOLKS

We would love to hear from you. Just email us at [mjacobson@inda.org](mailto:mjacobsen@inda.org) to let us know how you are getting along.

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