

IN FOCUS

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COMPANY:
Italmatch Chemicals

POSITION:
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CHEMICAL REACTION

BACKED BY INVESTMENT CAPITAL AND WITH A NEW SUSTAINABLE AGENDA IN PLACE, *ITALMATCH CHEMICALS* IS NOT ONLY ABOUT SELLING CHEMICALS, IT'S MOVING THE BUSINESS IN THE DIRECTION OF PROBLEM-SOLVING, SHARES CEO **SERGIO IORIO**.

WORDS **ROB PEGLEY**

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Much has happened to Italmatch Chemicals in the three years since CEO Sergio Iorio last talked to *The CEO Magazine*. The headline, other than a global pandemic, has been the investment from US-based Bain Capital. “Bain liked the approach of Italmatch Chemicals, its management, its successful story from zero to something,” he says. “So, they decided to join Italmatch.”

There were other large investors also interested in the company two years ago, but it was a shared vision that sealed the deal with Bain. “Management of the company will continue to be a 10 per cent shareholder, and Bain Capital will own about 90 per cent. And our same vision was to support the company to achieve our goal, in going beyond one billion in sales,” Sergio explains.

Backed by Bain, Italmatch’s future is based on what the business refers to internally as environment, social and governance (ESG driven). “We’ve made a full range of products that purify industrial water, including water that is using oil and gas,” Sergio shares. “This, of course, has a social value. The main market is water; oil and gas are only a small part of our business. We clean industrial water, we are in desalination, but we are also in water used in new energy sources. We are one of the leaders in chemicals used in windmill production and one of the leaders in geothermal production.”

Italmatch also plans to segue its traditional presence in combustion engines into producing sustainable lubricant additives for electric vehicles. “The internal combustion engine market is a stable one and we see the peak of this market happening around 2030 and beyond,” he predicts. “But we are very much involved in chemicals for electric vehicles.”

Plastic additives is another market that Italmatch will continue with. “We continue to be the leader in halogen-free flame retardants, which has a very low environmental impact and a very high growth, especially in electrical and electronics,” Sergio says.

LESSONS FROM THE PANDEMIC

With Bain’s backing and ESG as the guiding principle, it was two lessons learned in 2020 that have also shaped the organisation’s future: social and resilience.

Social refers to the empathetic way the company helped staff through the pandemic, and resilience came from the fact that it never stopped production. “These are the two keywords for us. We immediately launched a special policy for our workers because, of course, they’re our biggest asset,” Sergio points out. “We didn’t

want them to take any risk coming to work on a daily basis at the darkest point of the pandemic, so we gave every worker an allowance to drive to their plant, so they didn’t need to use public transport.

“We also implemented the Italmatch Solidarity Fund, which allowed us to go through 2020 without any redundancies. I cut my salary by 30 per cent for the whole year and suggested others in management may want to do the same. More than 80 per cent followed. Last year taught us a lot about the importance and the quality of Italmatch, of being a large global family, where everybody feels ownership of the company.”

A NEW MINDSET

Sergio reveals that much of what happens over the next three to five years is based on a new mindset: solving problems. “Instead of just trying to sell chemicals, what we want to do is also sell functional solutions,” he says. “That’s a completely new approach to the market. It means that our salesforce needs to take on more technical people, because they need to understand the problem and start thinking about the solution. Of course, someone in research and development will actually develop the solution, but they need to understand the needs of the customer.”

The other challenge going forward is to deal with supply chain issues, prompted by the pandemic – both logistically and in terms of raw materials. “I haven’t seen anything like it in my 30 years,” Sergio admits. “The question for me is whether this is a temporary problem that will ease at the end of the year, or more of a structural problem that will affect the next three to four years.”

It’s an issue that has been mitigated by the strong relationships Italmatch already had with its suppliers, which have been strengthened through the adversity of the pandemic. “It was a difficult time for all of us and we tried to come together to find solutions to the problems,” Sergio says. “We started to get much closer communication with suppliers. Some suppliers were in more difficulty than we were and suffered a lot, so we helped them out, paying some of them in advance.”

That kindness is being repaid now with suppliers putting Italmatch at the front of the queue. Indeed, partnerships have always been good where Italmatch has been concerned. “We have relationships dating back 25 years that don’t need anything in writing,” Sergio reveals. “The personal relationship, loyalty and trust are enough.”

Hopefully, the partnership of Italmatch and Bain Capital will be one that enjoys such a relationship and shares the rewards. ■