

Working the Underdog Advantage

True-to-life stories on how companies act and react.

By Jim Riley/Photo by Steve Gates

This month, we take a look at an Alabama company that has found its niche. Even within that niche, it's the underdog—but for some 15 years now, it has used that underdog status to its advantage.

Birmingham-based Induron Coatings recognized long ago that it would never be the leader in the \$20 billion U.S. paint industry. But it has parlayed a strategy of high-quality product aimed at niche markets to earn a very respectable fifth-place ranking in its specialty field.

Nearly a quarter of the U.S. paint market is for special purpose coatings, and Induron falls in that quarter, making coatings designed to reduce corrosion.

Currently, Induron is the “underdog” in that market, running a distant fifth behind PPG and Sherwin-Williams and the less familiar Caroline and Tnemec.

The interesting thing is the multinationals see Induron as a good little Southern paint company. Pound for pound, they're viewed as being good, and even better in areas where the big companies cannot compete. Looking at their respective resources, both sizes are always looking for ways to do more with less.

Excelling in your niche

Every business category is made up of multiple niches and paint certainly has its share. Opportunities lie in identifying and understanding the different niches and roles. Induron figured that out as far back as 1995, identifying several niches that conglomerates could not profitably serve from their established base of operations—niches that a smaller, private, closely-held company could serve better than their giant competitors.

There are pluses and minuses for larger and smaller operations, to be sure. But

smaller, private, closely-held companies demand even more from their management teams and operations because they have less margin for error than the giants.

Lurking behind a slow Southern drawl, a small group of energetic entrepreneurs have been living up to the Southern reputation of savvy strategists in beating the odds. Besides, who would better understand the role and the opportunities afforded by the underdog advantage.

Smaller companies can fly under the radar and provide what large operations cannot touch. This comes to light when they make time. Smaller operations identify and understand the limited resources they have at hand (compared to the giants).

Key factors are the ways they employ resource-based planning and integrate their collective knowledge, relationships, people, systems, equipment, facilities, time, money, and customs along with their level of commitment.

Induron's business is a market of niches within categories by design. And these niches exist in areas that larger operations can't justify based on their ROI.

Induron established a supplier tactic that ensures higher quality products for manufacturers that help them raise standards across markets. They have moved beyond supplier relationships based on friendship alone and added a stringent application and certification process. In so doing, they have set an industry standard.

The driving force behind the company is its accumulated know-how in reducing corrosion. That is, they apply their unique knowledge of chemistry along with the commitment to maintain a research and development capability that many competitors would consider too expensive. If they had to reduce overhead, research and



development would be the last thing cut.

The principal owners, David and Davies Hood, pay more than lip service to the power of collaborative management. Employee participation is critical to keep bureaucracy from creeping through the operation.

When asked how they sustain growth in the face of larger competitors, Davies' immediate response is, “Flexibility—it is our sustainable competitive advantage. It's part of our operating DNA to make sure our customers, up and down the line, make money on our share of involvement in their success.”

For more information about Induron, contact them through their web site, Induron.com, or by mail at Induron Coatings Inc., 3333 Richard Arrington Jr. Blvd., P.O. Box 2371, Birmingham, AL 35234-2303, or by phone at 205-521-9600.

And remember that larger and smaller businesses need each other.

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