Sabic restructures portfolio, creates specialties SBU, innovative plastics, performance chemicals to disappear
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Sabic on Thursday announced it is undertaking a global transformation aimed at creating a more agile, cost-efficient, and customer-focused organization that meets their needs more effectively. The company’s new structure is expected to be in place by 1 January 2016. It confirms CW’s earlier reports that several of its strategic business units (SBUs) will be disbanded.

The reorganization follows a comprehensive review addressing the challenges Sabic faces as part of its ‘2025 strategy’, including changes in the market landscape as well as the need to drive technology and innovation. As a result of this optimization, the commodity products of the innovative plastics SBU will be transferred to the chemicals and polymers SBUs. The remaining innovative plastics’ solutions will fall under a newly created SBU called specialties. This business will serve as the exclusive home for Sabic specialty solutions. Along with the performance chemicals SBU, the portfolio of which was reallocated earlier, the innovative plastics SBU will cease to exist.

Sabic, as part of the plan, will close its Pittsfield operation next year to consolidate in Houston, TX. Sabic is also evaluating Pittsfield's processing development center and its location. The company employs about 300 people across both Pittsfield divisions.

“This reorganization will focus resources more intensively on the needs of each line, enhancing customer intimacy with more focused solutions provision and helping move Sabic to the next level of portfolio product management”, said Yousef Abdullah Al Benyan, acting vice chairman and CEO of Sabic. “The changes will enhance our global footprint to serve our customers locally while providing solutions globally.”

One of the drivers of this change is the differing technology priorities of commodity and specialty businesses. The future of the commodity line will depend heavily on innovations around advancing feedstock technology. Specialty products face separate technology challenges, including the need to seek out technology acquisitions and partnerships or joint ventures that can enrich Sabic's existing portfolio, the company says.

“This initiative will build a stronger, better Sabic, one capable of global leadership in meeting customer needs, developing employees and contributing to the communities where we live and work,” Al Benyan said. “We have strong ambitions in terms of growth, market position and innovation,” he said. “Our global 2025 strategy is to be the preferred world leader in chemicals by delivering ‘Chemistry that Matters’. This includes striving for excellence in areas, such as customer value, environmental protection, health and safety, cost competitiveness and sustainable profit.”