

From distributor to 'solutions provider'

Natalia McDonagh explains how the **Cornelius Group** has adapted to changing times

Back in the mid-1970s, a chemical raw materials distributor could be considered as simply a trader. At that time, the distributor was a simple 'middle man'. This simplistic model, however, no longer meets the changing requirements of the industry.

There remain plenty of suppliers who prefer to operate in this way, focusing on immediate profits, making it difficult for the end manufacturer or raw material supplier looking to enter a new market to make the correct choice of a strategic partner. Some companies, however, are ready to step outside that comfort zone.

Low prices at the expense of quality management systems or safe production facilities simply cannot justify the corporate risk. A responsible distributor must now act as a quality buffer for the customer, with expert knowledge of the industry, its manufacturers and the needs of the customers.

Supply chains are also becoming ever more complex. For this reason, all of our suppliers comply with the Cornelius Supply Chain Pledge, which



McDonagh – Suppliers must sign up to pledge

ensures that customers need not worry about the quality and availability of goods.

This means that all of the suppliers we represent are selected according to stringent standards, have robust quality systems, are audited and meet legal and ethical standards. Our sourcing offices are instrumental in this; as the experts in knowledge of the local market and industry practices, they conduct accurate audits assuring the quality of the products Cornelius supplies.

Operating to the Cornelius Supply Chain Pledge means rigorous supplier evaluations procedures must be followed. We have given notice to suppliers who cannot demonstrate that the quality of their product can be relied upon; this includes aspects such as packaging, labelling, and shipping information, the technical performance of the products themselves, or cases where the supplier's ethical standards may not match our own requirements.

This has meant saying 'no' to someone who at a first glance appears to be a very profitable supplier. However, we believe that doing this is necessary to assure our customers that the products that they are buying live up to the quality standards they expect from Cornelius as a company that puts its name on every order.

We believe that the quality of the ingredients supplied should be the biggest concern of industry players. Other suppliers would do well to adopt transparency about the origin of their materials they supply, their auditing and QA procedures, etc., so as to be sure that the principals are high quality and regulatory compliant and that the manufacturers can assure their supply capability for products and operate to ethical standards, as set, in our case, in the Cornelius Corporate Social Responsibility Charter.

As the preferred supplier to many



multinational manufacturers, we must ensure continuity of supply at all manufacturing sites. Under the Cornelius Supply Chain Pledge, we make regular checks to ensure that we can have confidence in the supply capability of principals. We also make sure that our suppliers abide by key legislation in the industry. Any health and safety risks must be communicated clearly and legally for safe handling of materials and we also fulfill our obligations under CLP and REACH.

Cornelius is embracing the concept of a differentiated, speciality materials supplier to a growing number of markets. In one example of tasks distributors get involved in, a container from one of the overseas principals arrived at our warehouse in which the pallets had been double stacked. Unloading the container without damaging stocks was virtually impossible

Should the warehousing have been outsourced, the problem would have to be reported back to us and discussions would have ensued, all resulting in the delay in getting the goods to the customer or even risking the complete disruption of his purchasing schedules. However, after some hard thinking and hard work our teams managed to empty the containers with minimal damages, making the delivery on time and in full.

Incidents like this give some insight into why Cornelius tends not to outsource services to third party providers. We believe in developing our staff's skills, and the professional and personal development of Cornelius employees is an important part of the Cornelius Corporate Social Responsibility Charter.

We will always work with the end-product manufacturer to develop complete solutions that are unique for

their business, because one size does not fit all. As a medium-sized distributor with focused resources, we are well positioned to do that.

Getting feedback from customers and business is important. Companies that listen to this can action it and make things happen, working with their supply chain partners - both customers and principals - to develop their business, together. We are continuously scored by our customers - in fact we invite every one to evaluate our service and our facilities. The results, including consistent 97-100% 'On Time In Full' records, have been very satisfying.

Distributors these days need technical sales teams with both commercial acumen and new product development (NPD) expertise. Cornelius has recruited technical representatives come from a variety of industry backgrounds, many having years of NPD experience. Having a sister company, Cornelius Specialties, that makes specialised contact lens materials helps too, by giving us an insider's view on the manufacturing processes.

In order to compete and grow the business, manufacturers need a short product development cycle and the consistent functional performance of the ingredients used in the formulation. Speed to market remains as crucial as ever.

Back in 1997, Cornelius was the first distributor in the UK to open a cosmetics applications laboratory, which has since grown into the Cornelius Technical, Quality & Regulatory (TQR) department. This now provides comprehensive technical and regulatory support to industries including cosmetics and toiletries, healthcare and food, coatings, inks, plastics and composites.

On the technical support side, the TQR department offers services to help customers and suppliers to develop



Warehouse at Cornelius's Bishops Stortford site

their activities, such as new concepts, tailored development projects, technical data supporting the benefits and claims of marketing materials, as well as legislative and regulatory advice. This is backed up by 'Jennifer's Trends', a monthly report from development chemist Jennifer Allen, looking at new launches across the cosmetics sectors, including product when Cornelius materials or formulations tie in with a certain trend.

The regulatory landscape of the chemicals industry remains extremely challenging. Companies like Cornelius must work very closely with their suppliers to ensure that all their materials comply to the EU regulations. Awareness of legislative restrictions and responsibilities is key to the efficient and uninterrupted supply of chemicals worldwide. For this reason, our TQR department provides a comprehensive legislative, quality and regulatory assurance support service.

We believed that a wider European and global presence was necessary for our future. However, the textbooks on the strategic international expansion cite an abundance of issues facing a company which enters a new foreign

market via M&A or joint ventures.

Therefore, we followed a different route and created a new Cornelius subsidiary by working with people in the industry who share our values and principles.

The result, last year, was the establishment of Cornelius Polska in Poland. This subsidiary has established itself in the cosmetics, personal care, food and pharmaceuticals distribution market and has now diversified into coatings, inks plastics and adhesives. We have other operations in France, China and India and are considering expanding to other markets, provided that an opportunity is right for our business.

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