**Plugging the Brain Drain**

**How U.S. Chemical Companies Can Cope with Skill Scarcity in a Shifting Global Market**

**Human Resource Management**

- The U.S. chemical industry currently supports almost 25% of U.S. GDP and produces more than 15% of the world’s chemicals. However, by 2015 China is expected to overtake the U.S. as the largest chemical producer in the world. Competition from India and Brazil is also shifting the balance of market importance, meaning that in order to remain competitive in a new global context, chemical producers in the U.S. are under increasing pressure to streamline manufacturing processes and reduce costs in every possible area.

Additionally, the concentration of craftsmen in small areas spotted across a vast continent means that the right skills outside those clusters can be extremely challenging. Even within those clusters, intense competition from other local producers makes recruiting talent almost equally as demanding. In both cases, finding quality can be extremely difficult and is usually expensive, especially where considered in light of changing demographic in the U.S. By 2014 most baby boomers will have left the workforce, while the number of new entrants to the skilled trades is declining in favour of going to college.

Being prepared to pay competitive wages for the required skills is no longer enough to attract good workers from the competition, or to get them to remote regions. Management must accept that existing processes which depend on a high level of experience and skill may not be realized in the current environment, where the availability of expertise has significantly decreased. Processes must therefore be adapted to reflect that environment and not maintained simply because they worked in the past.

Instead, the focus must be on what processes need to be replaced and which behaviours are fundamental to making them work. Then, managers must be realistic about which skills already exist in their teams and find ways of leveraging them accordingly. By fostering active supervision, installing performance measurement systems aligned to requisite behaviors and institutionalizing training, expertise can be built and managed in a way that both recognizes and applies the expertise at hand.

**Building Knowledge Capital**

Taking a closer look at the potential of current staff at all levels is also crucial in an employee’s market. Consider a company where a highly experienced and well-respected supervisor has retired after thirty years in the same plant: finding someone to replace his expertise will be impossible. However, it may be that a junior colleague of his is capable of understanding and taking on many of his responsibilities, but due to a lesser site experience level works more slowly and needs a little help to get things done. It makes sense then, to redefine time-frames, possibly re-align some roles & responsibilities of the former position and accept that some processes may take longer. The return will be a faster ramp up time to meeting full job expectations and reimbursement costs. The skills that our retired supervisor has taken with him may actually still exist within the company but are not being used or accessed properly.

Making the company more attractive to new entrants will also include the removal of death of craft employees available. At a time when more and more people are opting for a college education over entering the skilled trades, companies must make themselves more appealing to younger people — whether that means revising entry requirements or setting up apprenticeship programs. Training and aligning recruits to the systems they use will mean that skills not only develop faster and remain within the company, but that they will also remain with the company as understanding of the site environment deepens. In a professional context, this understanding does not just mean the literal, geographical surroundings, but rather the ways in which systems and procedures work knowledge can be used and transferred internally and across geographical boundaries.

**Sustainable Benefits**

It is no surprise to anyone that emerging markets are forcing the old world to adapt to the new - one in which growth must be fully effective and productivity higher in order to stay in play in this context, rewarding and training staff may seem to be time and cost intensive, but it will certainly prove invaluable as the population ages and becomes increasingly mobile. In this period of transition both domestically and internationally, the only way to ensure sustainability is through investing in the true assets of a company: its people.

**Chemtura Announces Sale of Antioxidant and UV Stabilizers Business**

Chemtura Corporation has entered into an amended and restated asset purchase and contribution agreement with an affiliate of investment group SK Capital Partners for its Antioxidant and UV Stabilizers business for $200 million. The terms of the purchase now provide for approximately $77 million of cash payable at closing, the receipt of $9 million in preferred stock and the assumption of pension, environmental and other liabilities totaling approximately $93 million.

The purchase price is subject to a post-closing net working capital adjustment. The transaction remains subject to customary closing conditions and is expected to close in the first quarter of 2013.

Chemtura announced plans to sell its Antioxidant and UV Stabilizers business, including dedicated manufacturing plants in the U.S., France, and Germany, to an affiliate of SK Capital Partners mid-November.

“This divestiture simplifies our business portfolio as we continue to invest in businesses with less economic sensitivity that make greater contributions to our strategy of focusing on specialty products and applications with greater growth potential in our strategic industry segments and in faster-growth markets,” said Craig A. Rogerson, Chemtura Chairman, President and CEO. “The purchase price is subject to the Antioxidant and UV Stabilizers business and this group will go 4.94 fold multiple on adjusted EBITDA for the 12 months ended Sept. 30, 2012. The revenues of the business in the same period were approximately $390 million.”