

Year-old chemical seller expanding Plano operation

Viachem aims to add 10 additional workers

BY MARGARET ALLEN | STAFF WRITER

Close to wrapping up its first year in business, Plano-based specialty chemical distributor Viachem Ltd. expects to log \$3.5 million in revenue in 2007, and is preparing to hire 10 more employees in 2008.

Viachem, founded by chemical industry veteran Michael Efting, this month expanded its office space from 3,000 square feet to 4,500 square feet.

The firm now has a dozen employees. Efting, company president, is its majority shareholder. Sixteen other individual investors hold stakes in the company.

Viachem's business plan is to reach \$75 million in revenue and 100 employees by 2012, Efting said.

Viachem is a niche player in the \$1 trillion North American chemical industry, which includes both commodity and specialty chemicals used to make everything from household supplies and food to pharmaceuticals, household goods and personal care products.

Within that market, Viachem focuses on specialty chemicals — more expensive chemicals sold in smaller amounts — that account for \$100 billion in sales annually in North America.

Customers for specialty chemicals are typically large industrial companies and consumer goods companies, according to California-based SRI Consulting, a business research service for the global chemical industry.

A highly competitive industry, the segment's growth rate has slowed, but is forecast to be 3.2% annually between 2006 and 2011, according to SRI.



GOOD CHEMISTRY: Viachem President Michael Efting, foreground right, and salesman Daniel Cadenhead, in background, have just moved into the company's expanded offices in Plano.

Viachem's strategy is to partner with chemical manufacturers in long-term exclusive sales, marketing and distribution agreements. Viachem targets the market, identifies customers and then, via a sales force of chemists and biologists, makes sales calls. Viachem ships inventory from warehouses in Dallas, Chicago, Atlanta, Los Angeles and Newark, N.J.

The company just closed on an exclusive agreement with BASF Corp. for the United States and Canada, Efting said. Viachem will exclusively sell the German chemical giant's trademarked Protectol, which is designed to kill harmful micro-organisms. It is used in cosmetics, household products, and for surface and instrument disinfection, says BASF.

Viachem also has agreements with South Carolina-based Clarus Specialty Products and Indiana-based Vertellus Specialties Inc. It currently markets more than two-dozen products.

Rich Rebholz, president of Clarus, said the arrangement works well for his small company. Viachem sells to a large number of small customers for Clarus, while Clarus sells to a small number of its larger customers.

"Viachem gives us one point of contact, and yet we get national coverage," Rebholz said.

A selling point for Viachem is that it shares all its customer information, including pricing and the content of sales calls, Rebholz said.

CHEMICAL CONNECTION

NAME: Viachem Ltd.

BUSINESS: Specialty chemical sales, marketing, distribution

HEADQUARTERS: 2701 N. Dallas Pkwy, Ste. 500, Plano 75093

OWNERSHIP: Private

TOP EXECUTIVE: Michael Efting, president, founder

EMPLOYEES: 12

FACILITIES: 2ne

ANNUAL REVENUE: Projected \$3.5 million in 2007

PHONE: 972-265-0400

WEB: www.viacheminc.com

"We got a tremendous amount of marketing data," he said.

Viachem also imports food chemicals and high-intensity sweeteners from China, which increasingly dominates chemical manufacturing. In light of recent safety concerns about Chinese products, Efting stressed that Viachem has each batch of its Chinese-made chemicals analyzed and tested by a third-party laboratory for safety and quality.

Viachem's five-year goal is to represent 50 producers and a couple of hundred products, he said.

Investment in Viachem will likely hit \$5 million to \$8 million over the next five years, Efting said. He declined to disclose the dollar investment made so far. He believes Viachem will achieve a positive cash flow in 2009.