



ARCH CHEMICALS

Enterprise Growth Strategy

Situation: Arch Chemicals, a “spin-out” of Olin Corporation, is a specialty chemicals company with three operating divisions and \$500 million in global sales. Arch Chemical’s CEO was committed to driving growth in its water treatment business, but inherited a declining brand with unclear direction. The prior company had grown its private-label manufacturing business but lacked strategic focus and investment on the branded business. Olin had invented the category of dry sanitizers and dominated market share for decades until a combination of product innovation and channel and brand diversification led to significant competitive pressures and precipitous decline in market share. The CEO was determined to resolve the question of whether or not to focus single-mindedly on a value-added branded business.

Engagement: Denneen & Company was engaged to assess Arch’s market, competition, and business performance, and to develop a series of strategic alternatives and recommendations. Because Arch Chemicals was both manufacturer and marketer, a significant strategic issue involved whether or not to expand plant capacity for the highest-performing product in the category, entailing a major capital expenditure that would require premium margins to yield profits. Arch Chemical’s water treatment division owned a distribution company that diluted the division’s earnings and was not aligned with the brand strategy and distribution footprint. Denneen & Company addressed the viability of re-staging the HTH brand with regard to whether or not Arch Chemicals could re-enter the specialty dealer channel where the lion’s share of value existed.

Results: Denneen & Company recommended that Arch Chemicals pursue a branded strategy in water treatment and re-stage the HTH brand in the U.S. and globally. We further recommended that the company divest the distribution company, and explore strategic acquisitions to support its growth strategy objectives in the specialty dealer channel. The



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CEO and board of directors endorsed the strategy, leading to the reinvestment in the HTH brand, the liquidation of the distribution company and, over time, the acquisition of the premier brand in the specialty dealer channel.