

# The Glamour of B-to-B



**BY MICHAEL KRAUSS**  
 michael.krauss@mkt-strat.com

**F**ew young marketers today probably have read Bill Marsteller's books *The Wonderful World of Words* or *Creative Management*. Most probably wouldn't know much about the lion of B-to-B marketing who helped found Burson-Marsteller, the global public relations agency, and was inducted into the Advertising Hall of Fame in 1979.

While Marsteller saw great opportunity in applying marketing skills at the world's industrial giants, most young marketers today might not see the glamour in B-to-B marketing. Brian Chermiside wants to change that.

As vice president and chief commercial officer of the \$6 billion Midland, Mich.-based Dow Corning Corp., Chermiside has three aims in his professional life. He's transforming Dow Corning, traditionally a science-based company, into a leading B-to-B marketer. He's proving that ingredient-based companies can optimize margins through investments in marketing, branding and technology, and avoid commoditization. And he wants young marketers to know that there is an exciting future in industrial marketing—just as Bill Marsteller promised.

"We get to work with and influence some of the greatest brands in the world just like a lot of folks in agencies," Chermiside says. "At an ingredient company like mine, you can move from market to market and have an impact on product development. In textiles, we work with Nike and Under Armour. In personal care, we'll work with some of the greatest companies like L'Oreal, Colgate, Gillette, Revlon and Unilever. We get to influence some of the greatest brands in the world."

Chermiside has a set of responsibilities that are broader than many marketers. "I

have marketing responsibility including new market development, marketing communications and branding," he says. "I also have responsibility for the sales organization and for commercial transactions, and collection of receivables on the business we develop. There's also strategic planning, competitive intelligence, customer service, and the learning and development area. The company is composed of three main functions: commercial, manufacturing and R&D. I guide commercial."

The source of Chermiside's and Dow Corning's influence is silicon, the eighth most common element in the periodic table. "Big machinery like cranes need protection in harsh environments, cars need soundproofing, buildings need insulation—bathtub caulk, underarm cosmetics, all utilize silicon," Chermiside says.

Dow Corning was incorporated in 1943 to help win the Second World War. A joint venture was formed between Dow Chemical and Corning Glass to commercialize silicon in an application that would allow military aircraft to fly higher over enemy lines. "At heart, the company was a science and innovation company, and that continues, but now marketing and branding are equally critical to Dow Corning's success and profitability," Chermiside says.

"I came to Dow Corning in 1985 with the idea that there was an opportunity

to make an impact in the B-to-B space. I thought we had a chance to take this science company and make it a market-oriented company and marry the two," he says. "I wanted to get into as many different roles as possible. I went into sales. I did communications. I did marketing. Then they moved me into general management. I was in roles in fiber optics where we are a key enabling science. I worked around personal care, electronics and energy. I was lucky enough to live in Europe and Asia, and get closer to the customer and our employees. I've been chief commercial officer since 2007 and I'm in my 28th year with Dow Corning."

Chermiside describes the sale of a science-based ingredient like silicon as a complex sale. He has to sell to four unique target audiences within a customer organization. "You have to talk to technical guys who have the product problem. That guy has no authority to buy my product. You've got to convince the guy at the manufacturing site that the material will work and won't screw up his processes. You've got to talk to the procurement guy who wants low price and certainty of availability. And you've got to go talk to C-level people to say it's worth taking a risk and will pay back. That's high-touch. It takes a lot of effort. But the reward, in the early years of the product life cycle, is good for the customer and Dow Corning. It yields solid margins," he says.

According to Chermiside, in the late 1990s and early 2000s, competitors started eroding Dow Corning's market share as their customers' products reached maturity. They wanted cheaper ingredients to improve their margins and Dow Corning's competitors were flooding the market with silicon. "We were facing a tough situation that was pulling down prices, profit and value. Our numbers weren't good. We asked whether we could continue a collaborative, high-touch model or if we needed to shift to a total commodity-based approach," Chermiside says.

Dow Corning launched a strategic marketing initiative to evaluate the business. The result was a dual-brand approach to continue to offer a high-touch solution under the Dow Corning brand while introducing a second brand, Xiameter, which



offered silicon ingredients via state-of-the-art online technology, and a low-touch sales and customer support approach.

The path to a dual-brand approach was complex and fact-based, he says. “We started with a cross-functional team and did a SWOT [strengths, weaknesses, opportunities and threats] analysis. Two points stood out: We had more capacity—twice as much capacity as our nearest competitor, GE. Our capacity was less than 50% utilized. Our cost to produce was far lower than our competition.”

Dow Corning clearly had the capability to compete at the commodity level, though it did not want to give up the higher margins that it received when it partnered with customers in the early stages of product development. “Next we thought about our four buyers and did in-depth needs analyses with the technical buyer, the manufacturing buyer, the procurement executive and the

overall business buyer. We saw that the procurement buyer’s voice was getting louder,” Chermiside says.

“The price buyer was interested in getting the best price possible while assuring they had supply and wouldn’t have to shut down their plant. We created a new model to try to ‘addict’ the price buyer so they would remain loyal and wouldn’t switch just for a few pennies. We tried to shift them from price to ease of doing business. We launched a Web-enabled business model that was low-touch, transparent and built for the price buyer,” he says.

“We created a whole new brand, Xiameter, to test price elasticity, gain share, fill up those plants and still protect the high-margin, high-touch product development business. We executed. We experimented. We learned as we went along and avoided paralysis,” he says.

“Today the Dow Corning brand stands for new innovative materials, while the Xiameter brand stands for high-volume opportunities. Innovation for one brand, efficiency for the other. We got our ROI back,” he says. “In 2000, we had no business over the Web. Three years later, one-third of our business was over the Web—low-touch, lower-cost and highly accurate.”

The result of the dual-brand strategy has been constantly improving margins and profitability, Chermiside says. “Today we have two brands but one goal: to grow the opportunity of the silicon atom in the world, and grow that together with our customers and have the brands complement each other. It is a huge win-win for Dow Corning and our customers.”

It’s a complex portfolio that requires complex thinking, but Dow Corning marketers don’t need science degrees, Chermiside says. “I don’t have a technical background. We’re surrounded by great scientists. Our job is to bring the fundamental marketing knowledge to science and wed the two. Of course, someone with a technical background and a marketing focus has an advantage, but we hire our marketers purely to help us market and sell.”

For young marketers who are attracted to the business complexity that often accompanies a B-to-B marketing role, Chermiside has some advice: Be motivated to work cross-industry because you’re going to work with some of the most exciting brands in the world. Be interested in solving thorny, fundamental marketing problems. If you just want to create the next 30-second TV commercial, B-to-B isn’t for you. And be motivated to work globally, he says.

Good advice—and great promotional copy for the B-to-B industry, demonstrating just how intriguing and glamorous B-to-B marketing can be. ■

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**MICHAEL KRAUSS** is president of Market Strategy Group based in Chicago.

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