

From commodities to specialties – The changing nature of leadership

The Middle East's chemicals sector is at an inflection point. For decades, commodity chemicals – standardized, high-volume and cost-driven – have been the backbone of regional growth. Today, however, rising feedstock prices, margin pressure and demand softening across construction, retail and automotive are eroding the long-standing cost advantage that fueled this model.

As the Middle East region pursues diversification under national agendas such as Saudi Vision 2030 and We the UAE 2031, companies are accelerating their shift toward specialty chemicals which offer higher margins, customer-led product design and greater in-country value creation. These changes require a fundamental evolution in leadership capabilities.

Our analysis of chemical leaders in the Middle East shows a distinct contrast between the skills that have once enabled success in commodities and those now required in the forthcoming specialty era.



Operating focus: *From efficiency to innovation*

In the commodity era, leadership revolved around efficiency, predictability and scale. Leaders were expected to achieve cost leadership, with products characterized by high production volume, standardized forms and an overriding focus on cost-effectiveness. Success was defined by the ability to manage large systems with resilience and discipline, as the interchangeable nature of commodity chemicals means that price becomes the primary differentiator in the market.

The specialty era introduces a radically different mandate for leaders. With specialty chemicals produced in smaller quantities and tailored to specific application needs, value is derived from technical differentiation, rapid innovation cycles and the ability to anticipate future market needs. Leaders must cultivate organizations that are agile, experimental and able to pivot quickly as customer requirements evolve. They must champion always-on innovation and cross-functional collaboration with teams capable of technical problem-solving and co-designing solutions with customers.



Our assets historically have been in commodity and petrochemicals. Given the perfect storm that the industry is going through now, our shareholders are pushing us to look outside of our historical home ground and look at newer areas like agriculture, food, renewables and more.

— Board chair of an investment holding company from Saudi Arabia

Leading in this context requires leaders to not only be innovative themselves, but cultivate a culture of innovation and an environment where teams are free to experiment. This comes through in the way leaders reward and manage performance, as well as their support for risk-taking.



Customer engagement: *From transactions to partnerships*

In the commodity chemical market, customer engagement has largely been transactional. With cost dominating buying decisions, leaders focused on optimizing internal processes and controlling waste for commercial efficiency. This de-emphasizes bespoke research and development (R&D), customized sales processes or meaningful application-level dialogue that bring organizations closer to their customers.

When we analyzed the individual competency scores of leaders on certain drive factors, leveraging Heidrick & Struggles' META framework, chemical leaders tend to score the least around putting customers first.

The specialty shift rewrites this dynamic. Specialty chemicals are built around solving highly specific, technically complex problems for targeted downstream users. This means that product development and strategic investments must increasingly center around understanding user needs, driving the push for customer intimacy. In the same vein, proactive collaboration - with internal teams as well as external partners such as vendors, customers, academic institutions, and R&D centers of excellence - will be key to co-creating new opportunities.



Learning



Customer-first



Foresight

This also elevates the importance of emotional intelligence for leaders, enabling them to foster meaningful dialogue and communicate complex ideas with clarity and empathy across collaboration with internal teams, customers and partners alike.

As customer centricity becomes critical to win in this evolving landscape, the competencies that allow leaders to build true customer intimacy - learning, foresight and being customer-first - emerge as essential.

Leadership mindset: *From control to empowerment*

Finally, leadership in the commodity landscape has been long shaped by clarity, structure and directive management. Leaders excel at analytical problem solving, disciplined execution and managing teams through clear KPIs. A hierarchical set-up where information flow and decision rights flow unilaterally makes such a systemic approach effective in driving results, providing continuous operational reliability and enabling stringent cost control.

Specialty chemicals, on the other hand, prioritize agility. Success is also viewed more broadly with metrics like customer satisfaction, innovation rate and time-to-market coming into play, as opposed to commodity's more traditional benchmarks of production yield, inventory yield and so on. What this means is that companies now need a diverse workforce that spans technical, commercial and creative skillsets, including those from non-engineering backgrounds. It is the responsibility of leaders themselves – not only that of the HR function – to inspire, coach and develop high-performing teams across the organization.

Succession planning should focus on identifying and developing leaders with attributes aligned to this need, so that they are self-aware and can create an immediate impact in empowering their teams.

Organizations must look beyond today's operators and invest in next-generation leaders who can champion innovation, drive customer intimacy and inspire high-performing teams to shape the new era of specialty chemicals in the Middle East.

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