



Navigating the Iran–Israel Conflict: A Strategic Business Primer

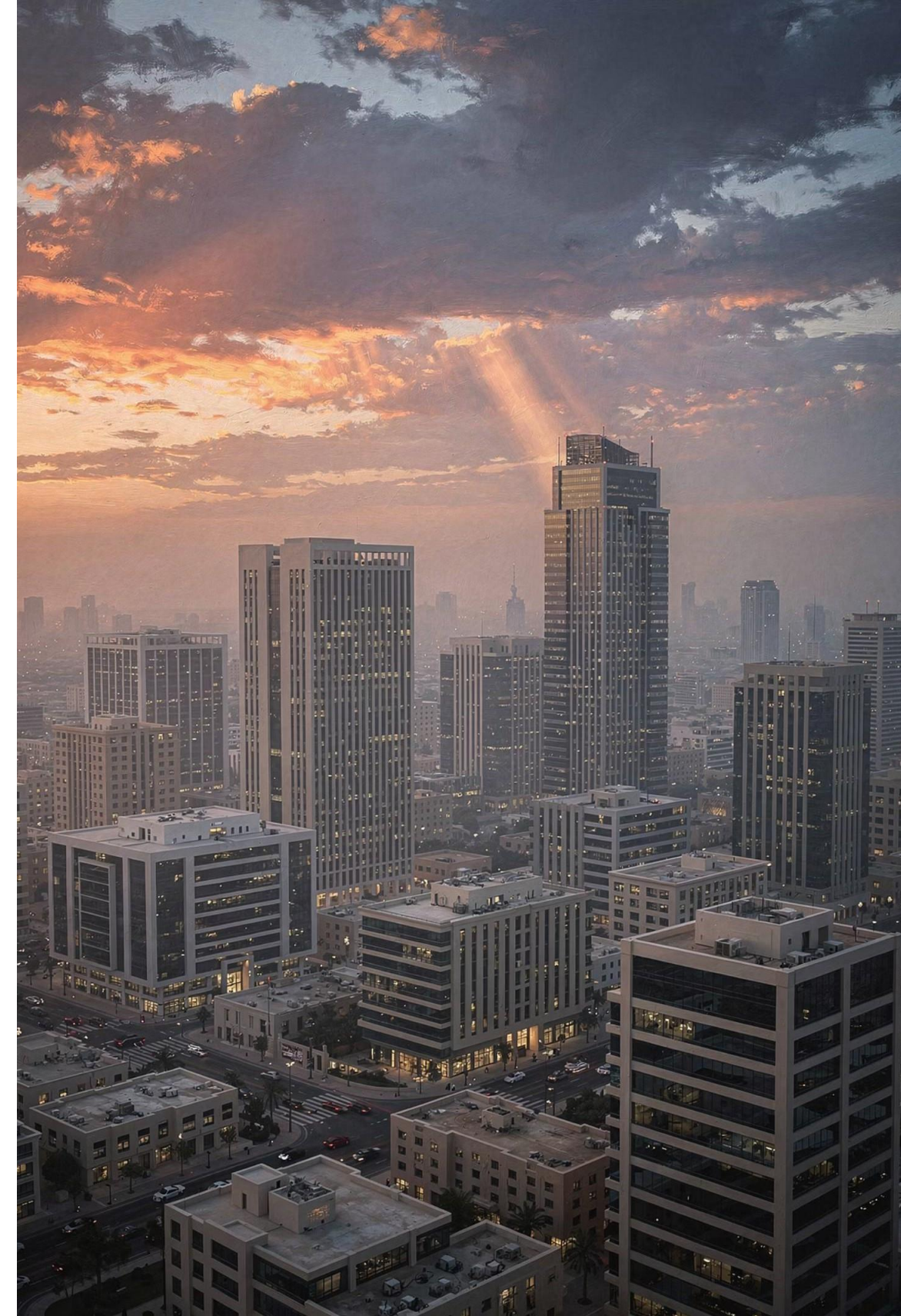
A practical, expert-level guide for business leaders in the construction chemicals industry — covering escalation risk, economic impact, and actionable strategies to protect and grow your business during regional geopolitical crisis.

by

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The Conflict: From Targeted Campaign to Regional Confrontation

What Changed — Fast

What stands out is how quickly the conflict shifted from a targeted military campaign to a broader regional confrontation. Within days, the conflict expanded beyond Iran and Israel, with strikes, retaliations, and geopolitical ripple effects spreading across the entire Middle East.



Three Strategic Issues That Matter Most

Escalation Risk

Once multiple actors and proxy groups enter the battlefield, controlling escalation becomes extremely difficult.

Economic Impact

Energy routes, shipping lanes, and global markets are highly sensitive to Gulf instability.

Long-term Power Balance

Even if immediate military objectives are achieved, the deeper geopolitical rivalry between Iran and its adversaries will likely persist.

The Business Reality: What Leaders Must Focus On

The conflict is generating **economic uncertainty, logistics disruption, and market volatility**. The key is not panic, but strategic preparation. The following sections outline a practical, expert-level strategy across ten critical domains — from raw material risk management to market opportunity capture.

Protect Supply

Secure raw materials and diversify sourcing before shortages hit.

Protect Cash

Tighten credit, build reserves, and manage customer exposure.

Protect Logistics

Reroute shipments, diversify freight partners, and check war risk insurance.

Capture Opportunity

Position as a reliable regional supplier when global competitors falter.



PRIORITY #1

Raw Material Risk Management

Your industry depends on **petrochemical derivatives** — resins, polymers, solvents, and additives — and these prices move directly with oil. Oil prices have already surged and may exceed **\$100–\$150 per barrel** if disruptions continue. Chemical exports and polymer trade are already being disrupted due to the conflict. This is your top priority.

Immediate Actions

- Build **3–6 months safety stock** of critical raw materials
- Identify alternative suppliers in **India, China, Turkey, and Europe**
- Lock **long-term contracts** with suppliers where possible

Critical Materials to Monitor

Epoxy Resins

Acrylic Polymers

Polyurethane

EVA

Latex

Solvents & Additives

PRIORITY #2

Logistics & Shipping Risk



War risk around the **Strait of Hormuz** is directly affecting shipping routes and insurance premiums. Delays, rerouting, and cost surges are already being felt across global supply chains. Proactive logistics management is essential to avoid production stoppages.

1

Increase Inventory

Build buffer stock of all imported materials to absorb shipping delays.

2

Book Early

Book shipments earlier than normal to secure space before capacity tightens.

3

Diversify Ports

Use alternatives to primary ports — consider Jebel Ali, Dammam, and Jubail.

4

Multiple Forwarders

Work with 2–3 freight forwarders instead of relying on a single partner.

5

War Risk Insurance

Review and confirm war risk insurance coverage is current and adequate.

Energy Cost Strategy



Construction chemicals production consumes significant energy, and transportation fuel costs are rising sharply. Oil price spikes are already impacting global commodity markets and logistics costs — and these pressures will flow directly into your margins if not managed proactively.

Actions to Take Now

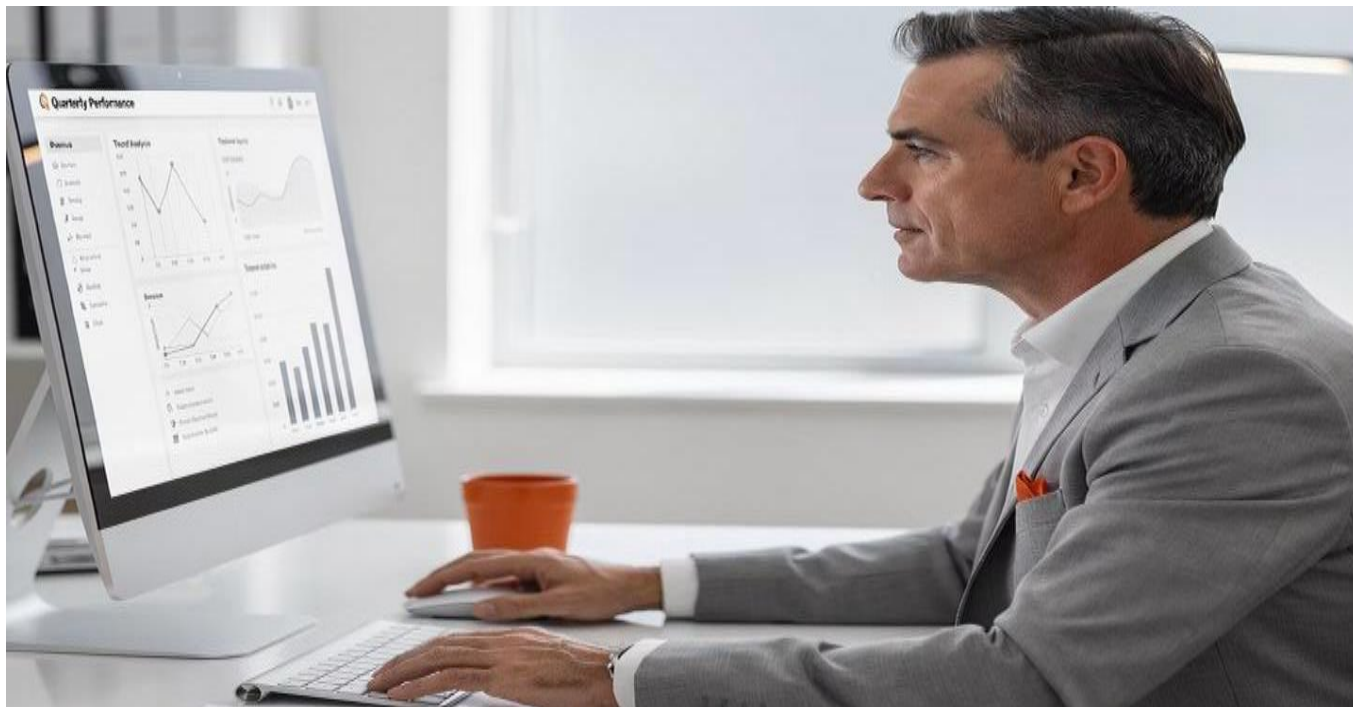
- **Review production energy consumption** — identify inefficiencies and reduce waste
- **Optimize batch production planning** — consolidate runs to reduce per-unit energy cost
- **Negotiate bulk transport contracts** — lock in rates before further fuel price increases
- **Introduce fuel surcharge clauses** in sales contracts to pass through cost increases transparently

Cash Flow Protection

During geopolitical crises, financial stress compounds quickly: **customers delay payments, banks become conservative, and projects slow down.** Protecting your cash position is as critical as protecting your supply chain.

Target: Cash Reserve

Build and maintain a cash reserve sufficient to cover **6 months of operating costs.** This is your financial buffer against the unexpected.



Protective Actions

Tight Credit Control

Enforce strict control on credit sales — reduce credit periods immediately.

Monitor Exposure

Track customer exposure limits closely and flag accounts showing payment delays.

Advance Payments

Increase advance payment requirements for project supplies to reduce receivables risk.

PRIORITY #5

Sales Strategy During War

War typically **slows mega projects** but simultaneously **increases maintenance and repair demand**. Construction chemicals demand is likely to shift — and your sales strategy must shift with it. Facilities managers, government infrastructure programs, and contractor networks become your most important channels.



Repair Mortars

Structural repair demand rises as maintenance budgets are prioritized over new construction.



Waterproofing

Existing infrastructure waterproofing and remediation projects continue regardless of conflict.



Tile Adhesives

Renovation and refurbishment projects drive steady demand for tile adhesive products.



Maintenance Coatings

Protective and maintenance coatings for industrial and commercial facilities see increased uptake.

Key Actions: Focus on maintenance and repair products. Target facilities management companies. Supply government infrastructure projects. Strengthen your contractor network.

PRIORITY #6

Supply Chain Diversification

Global supply chains are already experiencing **delays and rerouting** due to the conflict. A dual sourcing strategy is no longer optional — it is essential. Every critical raw material should have at least two qualified suppliers from different geographies.

Raw Material	Supplier 1	Supplier 2
Acrylic Polymer	China	India
Epoxy Resin	Korea	Turkey
Latex	Thailand	Malaysia

Expand this framework across your full raw material portfolio. The goal is to ensure that no single geopolitical disruption can halt your production. Qualify backup suppliers now — before you need them urgently.

PRIORITY #7

Pricing Strategy



Expect Raw Material Inflation

With oil prices surging and supply chains under stress, raw material inflation is not a risk — it is a certainty. Your pricing model must evolve to reflect this new reality. Annual pricing cycles are no longer viable in a volatile environment.

Price Revision Clause

Introduce a formal price revision clause in all customer contracts to allow adjustments when raw material costs move beyond a defined threshold.

Quarterly Pricing

Move from annual pricing to **quarterly pricing cycles** to stay aligned with market movements.

Raw Material Adjustment Formula

Apply a transparent raw material adjustment formula in contracts so customers understand and accept cost pass-throughs.

PRIORITY #8

Workforce & Safety Preparedness

If regional tension escalates further, business continuity depends on having people, communication systems, and safety protocols already in place. **Large global companies are already activating business continuity plans** during the conflict — do not wait to be reactive.

Remote Management Plan

Prepare a documented remote management plan that allows operations to continue if physical access to facilities is restricted or unsafe.

Employee Safety Protocol

Maintain and communicate clear employee safety protocols. Ensure all staff know evacuation procedures and emergency contacts.

Emergency Communication System

Ensure a reliable emergency communication system is in place — including backup channels if primary systems are disrupted.



Market Opportunity: Turn Disruption Into Advantage

The Strategic Insight

War disruptions may create significant opportunities for well-prepared regional players. While global competitors struggle with supply chain disruptions, you can position your business as the **reliable regional supplier** of choice.

Opportunities to Capture

Import Shortages → Local Demand

As import shortages develop, demand for locally manufactured construction chemicals will increase significantly.

Government Infrastructure Spending

Governments typically increase infrastructure spending during and after conflicts — creating sustained project demand.

Contractor Preference Shift

Contractors will increasingly prefer local suppliers who can guarantee availability and delivery reliability.

PRIORITY #10

Strategic Dashboard: Monitor Weekly

In a fast-moving geopolitical environment, situational awareness is a competitive advantage. Establish a weekly monitoring cadence across five key indicators — and make decisions based on data, not headlines.

1

Oil Price

Track Brent crude weekly. Trigger raw material and pricing reviews if price exceeds key thresholds.

2

Polymer Prices

Monitor acrylic, epoxy, latex, and polyurethane spot prices from key supplier regions.

3

Shipping Rates

Track freight indices and war risk surcharges on key trade lanes affecting your imports.

4

Construction Activity

Monitor regional project starts, government tenders, and maintenance contract awards.

5

Supplier Delivery Time

Track lead times from all key suppliers — early warning of supply chain stress.

Strengthen Customer Relationships & Avoid Emotional Decisions

Strengthen Customer Relationships

In uncertain times, customers gravitate toward **stable, reliable suppliers**. This is actually an opportunity to capture market share from competitors who are less prepared.

- **Communicate clearly** with key clients about your supply position and delivery commitments.
- **Offer flexible delivery schedules** to accommodate project delays on their end.
- **Ensure product availability** where competitors may struggle — this is your differentiation.

Avoid Emotional Decisions

Many businesses fail during geopolitical crises not because of the crisis itself, but because of **overreaction**. Panic-driven decisions destroy value that took years to build.

Do NOT Stop Investments Suddenly

Abrupt investment freezes signal weakness to customers and suppliers alike.

Do NOT Lay Off Employees Prematurely

Losing skilled staff now creates a capability gap when recovery comes.

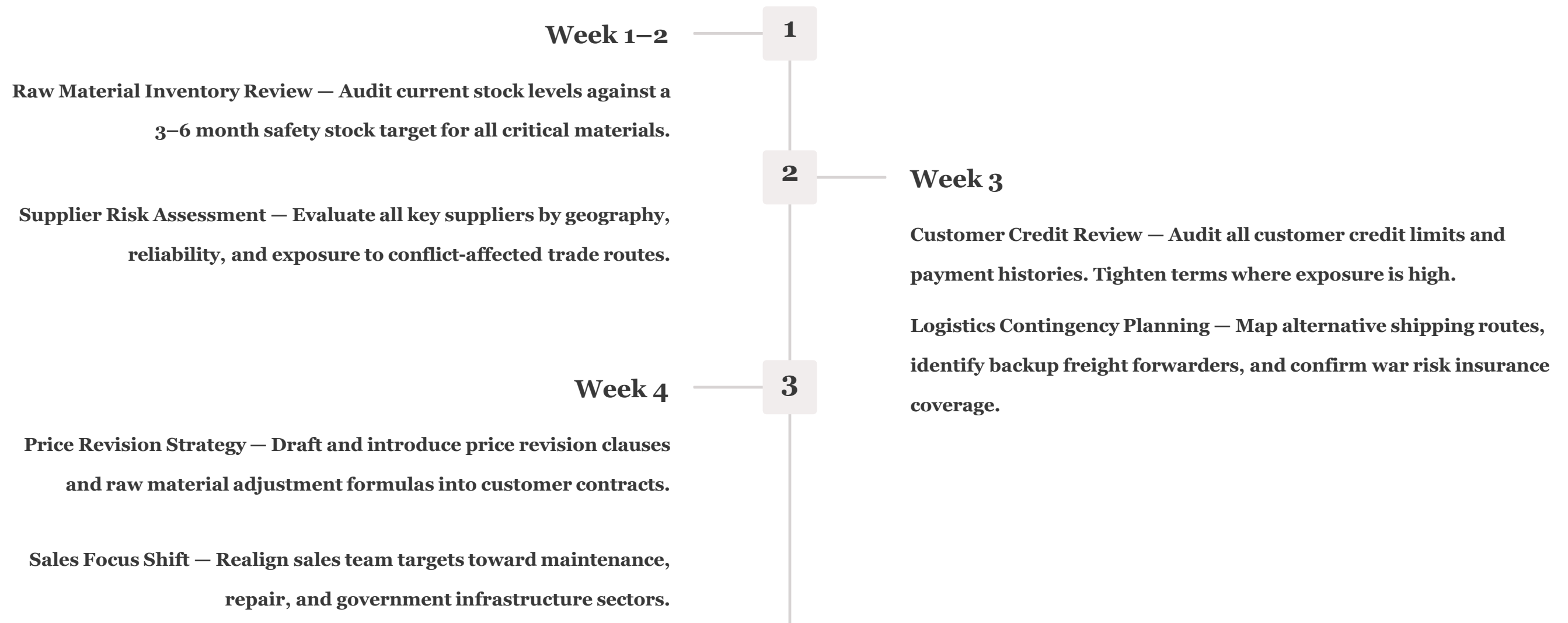
Do NOT Cancel Strategic Projects

Strategic initiatives position you for the post-crisis opportunity window.

📌 **Instead:** Monitor the situation weekly and adjust gradually based on data.

Practical Immediate Action Plan: Next 30 Days

The following 30-day action plan translates strategy into execution. Each week has a clear focus — move through these steps systematically, not reactively.





Key Takeaways: Lead With Strategy, Not Fear

The Conflict Is Real

The Iran–Israel conflict has rapidly escalated into a regional confrontation with lasting economic and logistical consequences for businesses across the Middle East.

Preparation Is the Edge

Companies that build safety stock, diversify suppliers, protect cash flow, and shift their sales focus now will outperform those that wait and react.

Opportunity Exists

Import disruptions, government spending, and contractor preference shifts create real market share opportunities for reliable regional suppliers.

Monitor & Adjust

Track oil prices, polymer prices, shipping rates, construction activity, and supplier lead times weekly. Make decisions based on data, not emotion.