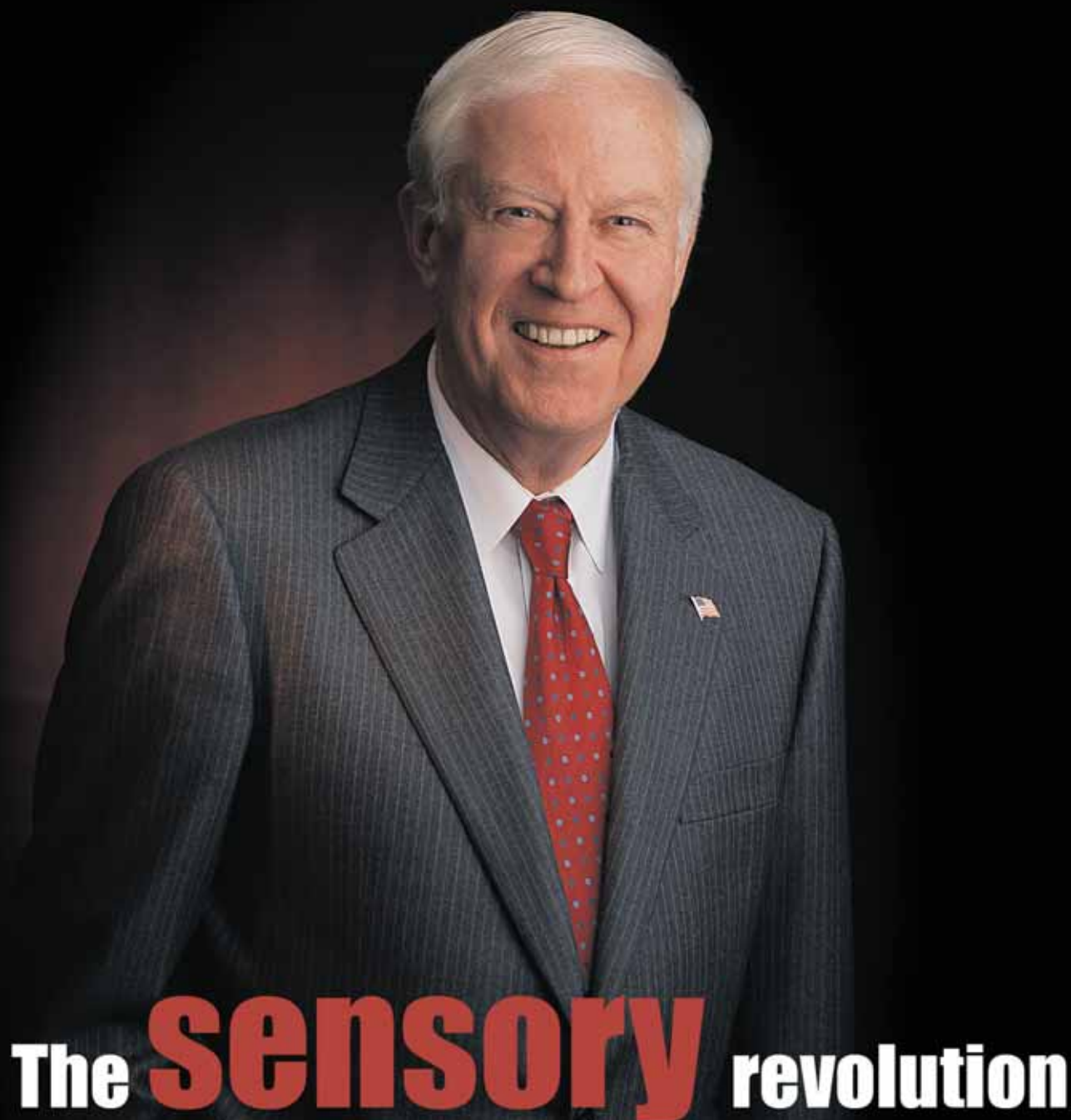


THE EUROPEAN

# Food & Drink

REVIEW



## The **sensory** revolution

Chairman, president and CEO of Sensient Technologies, Kenneth P Manning, on growth and diversity in the global market for colours, flavours and fragrances

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# Sensory perception

*Sensient Technologies Corporation is a company transformed. Formerly a US supplier of commodity foodstuffs known as Universal Foods, Sensient today is a billion dollar colour, flavour and fragrance manufacturer with operations spanning the globe. The European Food & Drink Review talks to **Kenneth P. Manning**, the man credited with inspiring Sensient's sensory revolution*

“**O**ur business now encompasses specialised technologies in products as diverse as specialty flavour and colour systems for food and beverage applications, food colourant imprinting and fragrances and cosmetic applications.”

Kenneth P. Manning, chairman, president and CEO of Sensient Technologies Corporation, reflects on the diversity that defines the global market for colours, flavours and fragrances. Manning is credited with transforming Sensient from a US manufacturer of commodity foodstuffs into a global colour, flavour and fragrance concern that in February announced 2003 year-end revenues of \$987.4 million. Formerly known as Universal Foods, the company adopted the Sensient name in 2000 in order to better reflect the strategic shift into high-performance ingredients not just for food and

beverages, but also for cosmetics, pharmaceuticals, inkjet inks and a variety of other products.

Prior to joining Sensient, Manning spent 14 years in key senior management positions at speciality chemicals and materials manufacturer WR Grace and Company, becoming president and CEO of its Ambrosia Chocolate Company. He has also served four years on active service in the US Navy, and an additional 28 years in the US Naval Reserve, retiring with the rank of Rear Admiral.

Manning joined Sensient in 1987, at a time when the company was dealing in businesses that Manning himself describes as extremely mature. “Universal Foods had been in the yeast business since 1886, and its food businesses had become commoditised,” he explains. “We needed growth and we needed geography.”

As such, Manning's strategy, following the divestment of non-core, non-profitable business lines – most notably the \$122 million sale of Red Star Yeast in 2001 – was one of acquisition and globalisation. In fact, Sensient has acquired 20 companies in the past seven years, a rate even Manning acknowledges as ambitious. "Wall Street thought we'd never be able to achieve even 10 acquisitions. But we had drawn up a matrix of capabilities that we needed and places where we wanted to be." The result is a company offering new product lines and new technical capabilities from a number of new locations, worldwide.

As Manning puts it: "Sensient is in every sense of the word a new company." He admits, however, that instilling such a dramatically different corporate culture required fairly major surgery. "Sometimes change management means developing anew," he says. "We needed an altogether new strategic thrust."

### STRATEGIC ADVANTAGE

Sensient Technologies today is split into two major groups: colours, and flavours and fragrances. Sensient also includes a smaller Asia Pacific Group.

The Flavours and Fragrances Group posted 2003 year-end revenue figures of \$594.7 million. It includes a speciality chemicals acquisition that, since joining the group in 2001, has enjoyed a four-fold increase in sales from \$10 million to \$50 million. In 2002 the flavours and essential oil operations of C. Melchers GmbH & Company, based in Bremen, Germany, were acquired, providing Sensient with flavours for teas, coffees and essential oils, aroma chemicals and other formulations for flavour, cosmetic and fragrance applications – and with facilities in Germany, the US and China.

The colour group, with 2003 sales of \$360.9 million, includes natural food colouring producer Dr. Marcus GmbH of Hamburg, and colour, flavour and speciality chemical manufacturer Pointing Holdings Ltd, based in Northumberland in the UK.

While food and beverage industries still constitute 67% of Sensient sales, acquisitions of companies serving nonfood markets have delivered significant growth, such as printing inks manufacturer ECS Specialty Inks and Dyes, based in Lausanne, Switzerland, and SynTec GmbH, a producer of speciality dyes and chemicals used in organic light-emitting diodes (OLEDs) and electrophotography based near Leipzig, Germany. These two companies, together with recent Spanish acquisition Formulabs Iberica SA, manufacturer of speciality inkjet inks, operate as part of Sensient Imaging Technologies. Manning's focus is on the high-margin speciality chemicals businesses that can produce growth.

With operations in 77 locations spanning 30 countries, Manning is not looking for further acquisitions. "We now have a strong foundation for solid, sustainable growth," he says. "We have a product base from which we will grow organically. We plan to build our existing operations, although we would not rule out another acquisition if it offers a strategic advantage such as a new technology or significant position in

### SENSIENT ACQUISITIONS

Formulabs Iberica S.A.	Spain	7/31/03
Cardre	United States	9/27/02
ECS	Switzerland	4/1/02
C. Melchers	Germany	3/22/02
SynTec	Germany	1/8/02
Crompton Colors	United States	11/30/01
Formulabs	United States	11/16/01
Dr. Marcus	Germany	2/15/00
Monarch	United States	1/27/00
Fornaciari	Italy	8/16/99
Pointing	United Kingdom	5/10/99
Quimica	Peru	1/19/99
Wackherr	France	1/18/99
Reggiana	Italy	9/30/98
Sundi	Germany	5/29/98
DC Flavours	United Kingdom	4/30/98
Arancia	Mexico	1/5/98
Pyosa	Mexico	9/22/97
Tricon Colors	United States	3/18/97

*Sensient now operates in 77 locations spanning 30 countries. Nonfood markets have delivered significant growth*

