

## SENSIENT STRATEGY: TRANSFORMING THE COMPANY

Since Kenneth P. Manning became chief executive officer in 1996, Sensient Technologies Corp. has been completely transformed. In the past six years, Sensient has acquired 20 companies and divested a number of units, including yeast, which date back to the corporation's founding in 1882. *Stagnito's New Products Magazine* spoke with Sensient's Chairman, President and Chief Executive Officer Manning about the dramatic move from a domestic commodity-driven food ingredient concern to a dynamic, global flavors, fragrances and colors company.



Kenneth P. Manning, chairman, president and chief executive officer, Sensient Technologies Corp.

**Q** *Stagnito's New Products Magazine:* What inspired the transformation?

**A** **Kenneth P. Manning:** When I became chief executive officer, we had a very mature business in a low growth or even a shrinking marketplace. Our commodity businesses included products such as yeast, frozen potatoes and cheese. We needed to develop a strategy for growth. With that strategy, we moved into higher growth businesses that support the food and beverage industry and expanded into non-food industries, such as inkjet inks for inkjet printers, organic chemicals for flat panel displays, photographic chemicals, cosmetics and pharmaceuticals.

**Q** *SNPM:* What part have acquisitions played?

**A** **KPM:** Our acquisitions were the only feasible way to execute our strategy of growth. They helped build Sensient into a global business with new technologies and higher growth businesses. We have gone from being a domestic food concern to operating in 76 locations in 30 countries, selling products in 150 countries. Our acquisitions were the building blocks of the strategy for change. All but two of the acquisitions were private, family-owned businesses. Our acquisitions have all been accretive and very successful.

As the chief executive officer, I led each deal, which I feel was piv-

otal to success. I was able to get to know the families, gain their trust and negotiate the deal. An intermediary would not have been able to establish that trust.

**Q** *SNPM:* Sensient now has a strong international presence. How did you become an international company?

**A** **KPM:** As we looked at the business, it became obvious that we needed to be global, not just regional. We supported customers all over the world. In addition to accessing markets for new products and existing products, we needed to expand overseas. Our multinational employees have helped us gain entry to the markets. Today, only one-third of our employees are American nationals. Two-thirds are nationals of other countries.

In our flavors and fragrances business, we're expanding into markets overseas, particularly in China and the Asia-Pacific region. Because the economies are new and growing, they offer greater growth opportunities than the mature domestic market. Eastern Europe and Latin America are also desirable markets for us.

**Q** *SNPM:* What new products is Sensient introducing?

**A** **KPM:** We've greatly expanded our cosmetic colors and systems. Cosmetics was a small business when we acquired it.

Now it's a real success story. It has grown by a factor of five in the past five years. We're also moving more strongly into pharmaceuticals. We have developed new products for food and beverage industries — a key development is our patented aqueous dispersion. We're also broadening our technical services offerings in our color service lab in St. Louis in order to provide unique

with the businesses at the time of acquisition. Now we have a unified brand that expresses our direction clearly and brings us together. Let me give you an example of how our units are collaborating. Sensient Imaging Technologies in California and Sensient Food Colors in St. Louis have jointly created a new product that combines our inkjet technology with our expertise in



technical support to our customers. Our inkjet inks business has grown dramatically. From a base of \$1 million when we first acquired the business, sales have accelerated to well over \$30 million.

We are poised to move quickly when imaging products start to take off since we produce the organic chemicals needed for light-emitting diodes (OLED). We have made a significant investment in developing aroma chemicals for the world market through our facility in Granada, Spain.

**Q** *SMPN:* How are the different Sensient units working together?

**A** **KPM:** The Sensient brand name is the unifying element. In the past, we operated under 50 or 60 names all over the world. Some were strictly brand names and some were associated

food. Sensient's inkjet inks, made of FDA-approved colorants, can be printed onto foods to form detailed pictures or written messages.

**Q** *SNPM:* What is your strategy moving forward?

**A** **KPM:** Rather than continue in our acquisition mode, we are building and strengthening our operations. Our primary focus is now on a sustainable growth strategy. We have doubled the Color Group food and beverage sales force with sales people who have extensive product training, which gives us a strong sales force in the market. We have invested heavily and strategically in state-of-the-art facilities and equipment that cannot be matched by our competitors. We are the premier company in product development, and our business base is second to none. ■

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