

# US business review

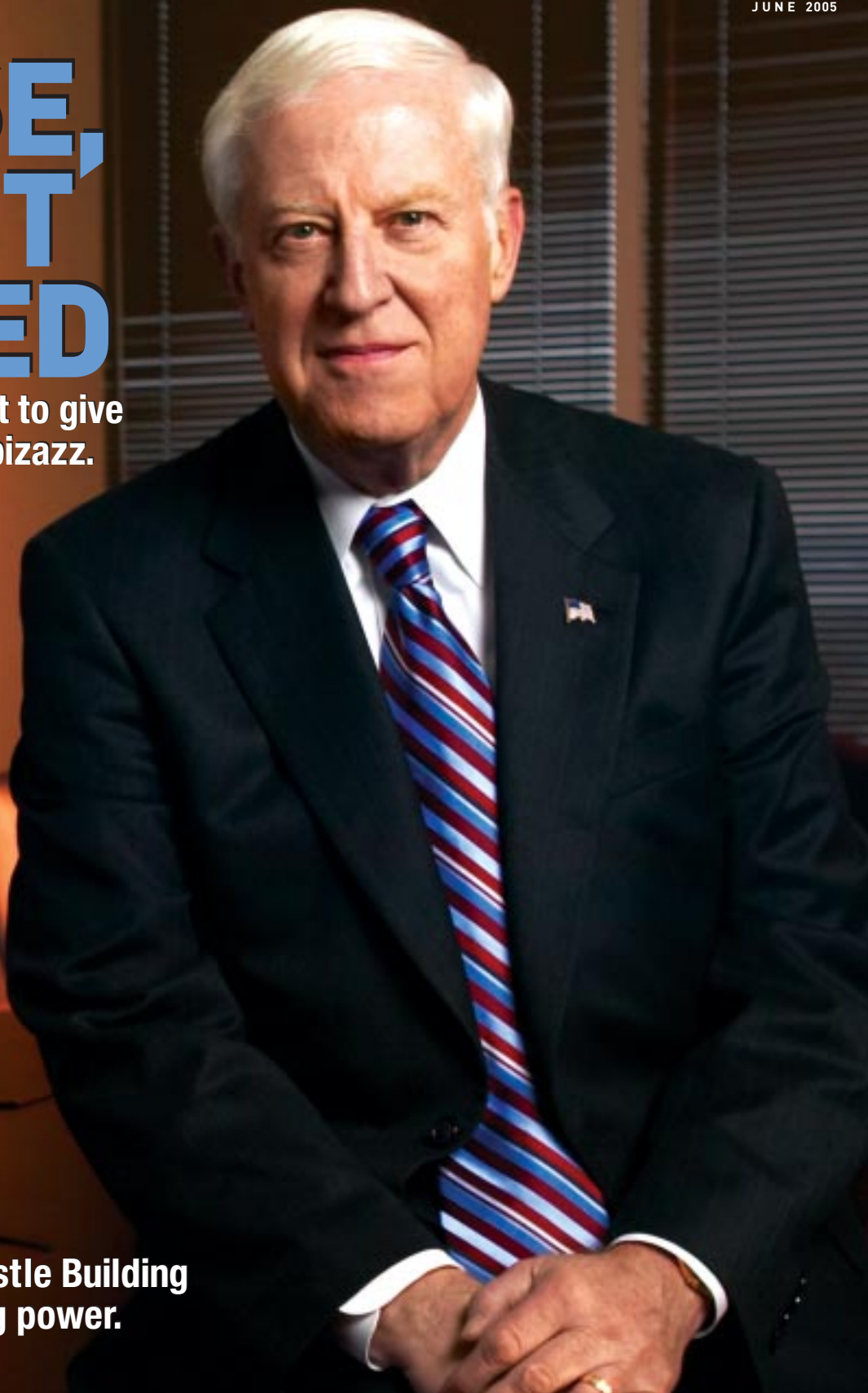
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## DIVERSE, AND YET FOCUSED

Clients depend on Sensient to give their products flavor and pizzazz.

KENNETH P. MANNING OF SENSIENT  
TECHNOLOGIES CORP. PAGE 66



## Building Strength

Members benefit from Castle Building Centres' major purchasing power.

**PLUS:** When was your last corporate checkup?

# SENSORY VISION

*Sensient Technologies creates the sights, scents and tastes that are the foundation of its clients' products. Through strategic planning, the company has become an industry leader. —HANNA ARONOVICH*

**T**ODAY, SENSIENT TECHNOLOGIES CORP. IS ONE of the world's leading suppliers of flavors, fragrances and colors used to make a diverse variety of foods and beverages, pharmaceuticals, cosmetics, home and personal care products, specialty printing and imaging products, computer imaging and industrial colors.

However, the company has gone through many acquisitions and divestitures to achieve its diverse, but focused portfolio. Chairman, President and CEO Kenneth P. Manning explains that Sensient owned several commodities businesses – including frozen potatoes, bulk cheese and yeast – when he became CEO.

Although sales were high, the company was not making a profit on these divisions. Increased capital costs and dropping prices

made divestitures the most viable solution. "Over a period of time, we divested the commodity businesses," he explains. "Instead, we focused on our color and flavor businesses."

"Through 21 separate acquisitions of private businesses, we built a specialty chemicals company," Manning continues. "It was a challenge finding the companies and convincing the owners to become a part of the Sensient family. It's one thing to want to buy a company, but it's another to convince the owner it's in their and their employees' best interest to sell."

Between 1997 and 2004, the new companies officially joined the Sensient group. The next priority became managing the culture. "We had 21 different companies to bring in and manage, and folding all those organizations together was a big undertaking," Manning explains. "What drove our success in that area was changing our company name."



Previously, the company operated as Universal Foods. In 2000, it became Sensient. Manning says all the employees identified with the new company name, and the culture rallied around Sensient.

### Streamlined Operations

THE FACE OF SENSIENT'S WORK FORCE ALSO CHANGED. THE company went from 6,000 employees who were 95 percent U.S. citizens to 3,700 employees, 66 percent of whom were foreign nationals. "The whole complexion, culture and way of thinking went from a domestic to a global view," Manning says.

Although Sensient's corporate headquarters are in Milwaukee, Wis., it has employees around the world. In fact, Manning says more employees are based in China than in the Milwaukee office.

Streamlining its operations and expanding its global presence have been driving forces behind Sensient's operations. Today, the company operates two distinct product groups: the Flavors & Fragrances Group and the Color Group. Sensient's flavor and fragrance business went from being a small operation to the third largest in the world, Manning says. "We are also now the largest food and beverage color company in the world, and the largest cosmetic color company in the world," he continues. "We are a significant player in the pharma-

ceutical color industry, as well as in specialty inks."

To accommodate its growth, Sensient established the Asia-Pacific Group, located in Singapore, in 1996 to provide customer service, technical support and product delivery to manufacturers throughout the Asia-Pacific region. Manning says the group has been "flourishing and growing in double digits."

Sensient's Flavors and Fragrances Group is headquartered in Indianapolis, while the Color Group is located in St. Louis. In all, Sensient has 78 locations in 33 countries and sells its products in 150 countries.

With so many offices, communication is a key tool in Sensient's success. Sensient's profit centers allow Sensient to remain in touch with its worldwide customer base. "We have very fine IT systems, which helps with our communications immensely," Manning notes. "We use the normal communication methods, but we tend to manage from the bottom line. We give the local managers a tremendous amount of flexibility. We don't micromanage – we manage by exception."

If a profit center's numbers are off target, Sensient's corporate managers step in and work with the office to correct the problem. On the other hand, if a profit center is doing well, it is generally left to continue on its successful path. "In the case where the profit center is doing well, we spend more time in the development of strategy and the business model, as opposed to day-to-day operations," Manning explains.

On an annual basis, Sensient's top managers meet at a central location to review the overall strategy of each business group and profit center.

Day-to-day operations are analyzed and, if necessary, adjustments are made. "We don't rethink our business model, but if it's necessary, we do make changes," Manning explains. "For example, if one of our units is not doing well, we may rethink the marketing aspects.

"We may look at the product strategy and see if it all fits together," he continues. "If one of the companies we work with hits a rough spot, we address that issue during our next strategy session."

### Leading-Edge Approach

SENSIENT STRIVES TO ENSURE IT MAINTAINS THE PRODUCTS, capabilities and services to meet its customers' changing demands. Manning says customers are more focused on receiving service than ever before. "The days of slow response are gone," he stresses. "We pride ourselves on being a highly responsive group. We give the customers what they want, not what we want to give the customers."

Because responding to customer needs is a top priority, Sensient monitors its service levels.

In fact, Manning notes, the company has received several industry awards for its service.

Sensient works closely with its customers to develop specific colors or flavors for their products. "If a customer wants a new color for a seasonal product, we will work diligently to develop it," ▷

#### PROFILE

**Sensient Technologies Corp.**

[www.sensient-tech.com](http://www.sensient-tech.com)

**Sales:** \$1.047 billion

**HQ:** Milwaukee, Wis.

**Employees:** 3,728

**Products:** Technical and food colors, flavors and fragrances

**Kenneth P. Manning, CEO:**

"We give customers exactly what they want."

▷Manning says. "We are responsive and we strive to be a solutions provider. We don't operate from price alone – we provide good service and ensure our customers are happy. Every employee is focused on service."

Service is so important, Manning personally interviews each salesperson who joins the company. In many cases, the sales representative is the sole point of contact for a customer, so it is critical that each sales person has a positive attitude and is focused on customer satisfaction.

Sensient also remains on the leading edge of equipment and facility upgrades. Within the last five years, the company invested in state-of-the-art equipment, and Manning says Sensient maintains immaculately clean facilities.

"Our customers say they have never been to a food or specialty chemical company with better facilities than ours," he stresses. "We have made significant investments not only in equipment, but also at the factory floor, the laboratory and the bricks and mortar of the building." The facilities are so impressive, Manning continues, often-times, a customer will close a deal with Sensient upon seeing the facilities.

Because of its capabilities, Sensient is working on several cutting-edge projects, including a new flat-panel display screen, nano-technologies, high-speed printing on food products, pharmaceutical tablet coatings, cosmetic product improvements, digital photography printing and new beverage products for major soft drink companies.

### **Future Forecast**

RECENTLY, SENSIENT HAS FOCUSED ON organic growth, but Manning plans to resume the acquisition program soon.

Manning says Sensient needed time for the newly integrated companies to settle into the culture and environment before bringing new businesses into the group.

"Every so often, you need to take a rest from acquisitions to make sure everything is integrated and operating well together," he notes. "We feel that all our groups are operating well together now, and we expect to make more acquisitions soon."

Manning notes that the company is more than 120 years old, and the only aspect of the original organization that remains is the capital.

He stresses that the level of professionalism among Sensient's employees

is the highest it has ever been. "I am extremely proud of our people," he emphasizes. "They think on their feet and exercise initiative. They are creative and hardworking, with a superb performance level. The productivity of the company has tripled in the last three years."

Looking forward, Manning says, Sensient will expand. He plans to develop the existing businesses, as well as implement a long-range strategy to pursue new markets.

"We are no longer in the commodities business," he notes. "We plan to pursue acquisitions and grow organically through new opportunities." ■

