

FOOD and DRINK

SEPTEMBER/OCTOBER 2005
\$4.95

14
Mastronardi Produce Ltd.

25
Six Flags Inc.

166
Watergate Hotel
AND MORE ...

Good Sense

Sensient Technologies Corp. has evolved to become a leader in flavors, fragrances and colors.

Kenneth P. Manning,
CEO, Page 60

PLUS

Food industry: A powerful force after Katrina ● Six new sigmas to ponder ● National Food Safety Month exclusives: How one sub chain succeeds with Web-based safety training ● Your firm and formal food-safety management systems

● **SENSIENT
TECHNOLOGIES CORP.**

WWW.SENSIENT-TECH.COM

2004 SALES: \$1.047 BILLION

HEADQUARTERS: MILWAUKEE, WI

EMPLOYEES: 3,700

PRODUCTS: FLAVORS, FRAGRANCES
AND COLORS

CEO KENNETH P. MANNING: "IT'S
IMPORTANT THAT WE MAIN-
TAIN A GLOBAL PER-
SPECTIVE."



As a leading global developer, Sensient's color and flavor technologies and products play integral parts in the food and beverage industries.

A Firm That Makes Sense

Sensient Technologies Corp. has gone from a small commodities company to a leader in flavors, fragrances and colors for the foodservice and pharmaceuticals industries. **BY ERICA BURKE**

SENSIENT TECHNOLOGIES CORP. HAS COME A LONG WAY IN JUST under a decade. Sensient started its transformation eight years ago, when the company, formerly Universal Foods, took on the strategies of portfolio diversification and globalization.

When Chairman, President and CEO Kenneth P. Manning joined Universal Foods nearly 20 years ago, the company sold food products such as cheese and frozen potatoes.

Today, Sensient Technologies has transformed itself to become a global leader in flavors, fragrances and colors used to

and beverages, technical colors for nonfoods, including specialty inks and dyes, cosmetic colors and fragrances, pharmaceutical colors and coatings and aroma chemicals.

Manning adds that the company's cosmetic colors and fragrances divisions are doing especially well, and that Sensient "sees opportunities to broaden the product line." Sensient is also planning to expand its line of pharmaceutical colors and coatings and has an active inkjet business with new products in its pipeline.



make a variety of foods and beverages, pharmaceuticals, cosmetics, home and personal care products, specialty printing and imaging products, computer imaging and industrial colors.

"I don't believe the company would still be around had we not begun emphasizing technology that supports our flavors, fragrances and colors businesses," Manning says.

The transition from a largely commodities company to a flavor, fragrance and color company "has been highly successful and has put Sensient into a variety of businesses," he says. "Almost all that remains of the old company is its original capital. We now emphasize high-growth, technology-oriented specialty businesses."

Sensient's products include savory flavors, dehydrated flavor systems, confectionery and bakery flavors, dairy flavors and flavors for beverages.

Sensient also provides synthetic and natural colors for foods

"The next-generation pigments - which will become available soon - are the next technical innovation in inkjet inks," Manning explains.

COMPANY GROWTH

Sensient considers itself a company whose overall growth will result from both organic and acquisitional expansion. "The past two years have been devoted to organic growth, but we will definitely consider acquisitions as we go forward," Manning says.

Potential targets include companies with new flavors and new color technology, but the acquisitions "would not be at the scope of the acquisitions from 1997 to 2003," he says.

Sensient's approach is simple and well-executed. "We bought companies that would be stand-alone operations," he explains.

Challenges tended to stem from convincing independent business owners that it would be in their and their companies' best ▶



Sensient provides a full range of natural colors in custom blends that bring vibrancy and distinction to beverages worldwide.

► interests to sell to Sensient. "Once we overcame this challenge, we negotiated very reasonable prices and integration was straightforward," Manning says. "It is our ongoing mission to find the right companies for the right prices at the right time."

GLOBAL PRESENCE

Sensient is the largest food and beverage color company and third-largest flavor and fragrances company in the world, the company says. Structurally, a lot has changed since it began its major growth trajectory.

"In the past, when the company was 40 percent smaller in terms of revenue, we had 230 people at our headquarters in Milwaukee and virtually none overseas," he recalls. "Now, we have fewer than 50 people in our headquarters, but our global presence has grown enormously."

Today, the company has 74 facilities in 30 countries with sales offices, labs and warehouses around the world. Only one-third of its employees are U.S. citizens, he relates.

"We've also decentralized from 6,000 to 3,700 employees with correspondingly greater productivity," he says. "Today, we focus on the market from a global perspective; the world is getting smaller."

Of Sensient's nine board of directors, two are foreign nationals. "It's a global company, so it's important that we maintain a global perspective."

Although many corporations tout their version of a corporate culture, Manning says that he does not believe Sensient will ever have one.

"We can't have one," he says. "We are comprised of too many people from different places. Our ability to function very well in a multicultural social framework has made us highly successful.

"Part of our ability to get things done is that we have people from different places and ideas pulling together," he continues. "Sensient and the company it represents provide the rallying point."

R&D EFFORTS

Sensient's R&D investment in food and beverage color and flavor and fragrances is extensive. For example, the savory business, based in Indianapolis and Strasbourg, France, has expanded its market and product line in many flavor areas.

Sensient has perfected a line of finishing savory flavors that combine sophisticated top notes with other flavors. Unique patent-pending extraction technology is used for botanical extracts and is available in a range of products including vanilla, coffee and cocoa.

Sensient also has combined its expertise in food and color technology to perfect a process to enable high-speed printing on food products with a line of food-grade inkjet inks.

"Our customers and the public are looking for unique products - our inventory of flavors comprises about 30,000 flavors and every flavor is a custom product," he says.

FUTURE VISION

Sensient's vision for the future is to explore technical colors used in cosmetics, which have done "extremely well," according to Manning.

"We acquired a \$10 million cosmetic color company in Paris in 1999. Today, it has \$65 million in sales and is selling all over the world to major cosmetic companies."

He predicts cosmetic colors will continue to grow in China, as well as in the entire Asia/Pacific region and South America.

Sensient is also excited about the opportunities in colors and coatings for pharmaceuticals because there are few players, especially worldwide.

"Places like China are starting to use modern pharmaceutical techniques which require specialized coatings," Manning says. "It's a terrific opportunity."

In addition, Sensient wants to continue market penetration worldwide. "We plan to expand into other geographic markets," he says. "We plan to explore markets for our products in China, Eastern Europe and South America."

Sensient will consider strategic acquisitions that add a new element to the business either in terms of technology or in geographic reach, according to Manning.

PROUD LEADER

Manning's tenure with Sensient has taken the company from a little-known food company to an international leader in flavor, color, coatings and fragrances. Manning is proud of his accomplishments in re-inventing the company.

"We now have a company, founded in 1882, that can go into the 21st century and remain independent. That's my legacy, and I'm very proud of this company." 🍷