

MANUFACTURING TODAY

BEST PRACTICES FOR INDUSTRY LEADERS ■ MARCH/APRIL 2007

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A portrait of Kenneth P. Manning, an older man with white hair, wearing a dark pinstriped suit, a white shirt, and a red tie with small white polka dots. He is smiling and looking towards the camera. The background is dark and out of focus.

Expecting Big Things

Why FabArc Steel Supply
is optimistic about 2007.

The Taste and Smell of Success

How Sensient Technologies
'comes together as one.'

Chairman, CEO and President Kenneth P. Manning, Page 18

Lean makes its way from the shop floor to the design office ■ A water crisis threatens Asia's phenomenal growth ■ Motivating employees with gainsharing



Sensient Technologies Corp., which was founded 125 years ago, has evolved into a leading global manufacturer and marketer of colors, flavors and fragrances.

SENSIENT: THE SIGHT, TASTE AND SMELL OF SUCCESS

BY JOANNA MILLER

Sensient Technologies Corp. began as Meadow Springs Distillery, a manufacturer of gin and other spirits in 1882. Today, 125 years later, the company is a leading global manufacturer and marketer of colors, flavors and fragrances. Kenneth P. Manning, chairman, president and CEO, says the company is larger than ever and continues to grow.

Manning established a new vision for Sensient a decade ago. He decided to exit the commodity businesses and move into the specialty chemicals business, developing new products for the food, cosmetics and pharmaceuticals industries. This strategy,

which includes new acquisitions, has led into other areas, such as inkjet printer inks and products for the cosmetics industry.

"In 1996, when I became CEO, the specialty chemicals business was nonexistent and flavor and color were only a small part of the company,"

Manning says. "Many of our businesses had become commodities. These included products such as yeast, frozen potatoes and bulk cheese. We divested the company of these low-growth businesses and used the proceeds to invest in new acquisitions and new technologies.

"These acquisitions were integral to building Sensient into a global company," he continues. "Since 1997, we have made 21 acquisitions all over the world with exciting new technologies. Today we operate from 71 locations in 31 countries, selling products in 150 nations."

MAINTAINING CULTURE

Manning says the biggest challenge throughout the acquisition process has been managing the company culture. "We had a group of companies that were very successful, and each had a different culture and operated under different names," Manning explains. "When we changed our name to Sensient, we integrated them around the Sensient name. This helped bring everyone together under one brand.

"We just finished a strategy session and one comment from

PROFILE

Sensient Technologies Corp.

www.sensient-tech.com

2006 sales: \$1.1 billion

Headquarters: Milwaukee

Employees: 3,500

Products: Colors, flavors and fragrances

Kenneth P. Manning: "Our success is evident in our strong financial position."



our staff was that this company has come together as one," he adds. "We took 21 companies and built a corporation of over \$1 billion in sales."

Sensient firmly believes in the profit-center concept, he notes. When he became CEO, 95 percent of Sensient employees were U.S. citizens but, today, almost 60 percent are citizens of other countries and more than 50 percent of the business is done overseas. General managers oversee the business at each global location with assistance from corporate headquarters.

Each profit center reports to one of three groups based on product and location.

This makes for a flat and efficient organization, Manning says. "Our local general managers have a great deal of autonomy to run the businesses," he notes.

This strategy seems to be working. Sensient has the No. 1 market share in color products for the cosmetics and food and beverage industries, Manning states. It is currently No. 2 in natural colors globally. It is also No. 2 for pharmaceutical coatings and No. 3 in flavors.

NEW OPPORTUNITIES

Sensient has expanded throughout western Europe and is looking at further expansion opportunities, particularly in eastern Europe, South America and Asia.

"One thing we found in China, despite the political background, was a tremendous commercial sense," Manning says. "We have a highly successful business in China and a thriving business in Thailand.

"We are considering establishing profit centers in the Baltic states, and may expand our already successful business in Mexico," he adds.

"We are also looking at India, and we are doing extremely well in Australia and New Zealand. We see great promise in South America and eastern Europe.

"Countries from eastern Europe, who are joining the European Union, will have a large built-in market with the EU, which represents well over 300 million people. That's a larger market than the U.S."

PRODUCT EXPANSION

Sensient also plans to expand its product offerings, for example, in the areas of encapsulation technology and high-speed printing on food.

This is a growing trend, according to Manning, as evidenced by games printed on potato chips and logos printed on a variety of edible products. In the cosmetics color and ingredients markets, Sensient is making strides with new surface treatment innovations.

At this point, it is primarily for women's makeup but the technology has other potential uses, Manning says.

Sensient's success is also evident in its strong financial position, Manning emphasizes.

"We certainly want to continue to strengthen the balance sheet," he says. "Our stock price has done very well this year. We recently reached a 52-week high of over \$26 a share, and we expect our strong performance to continue." **MT**



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