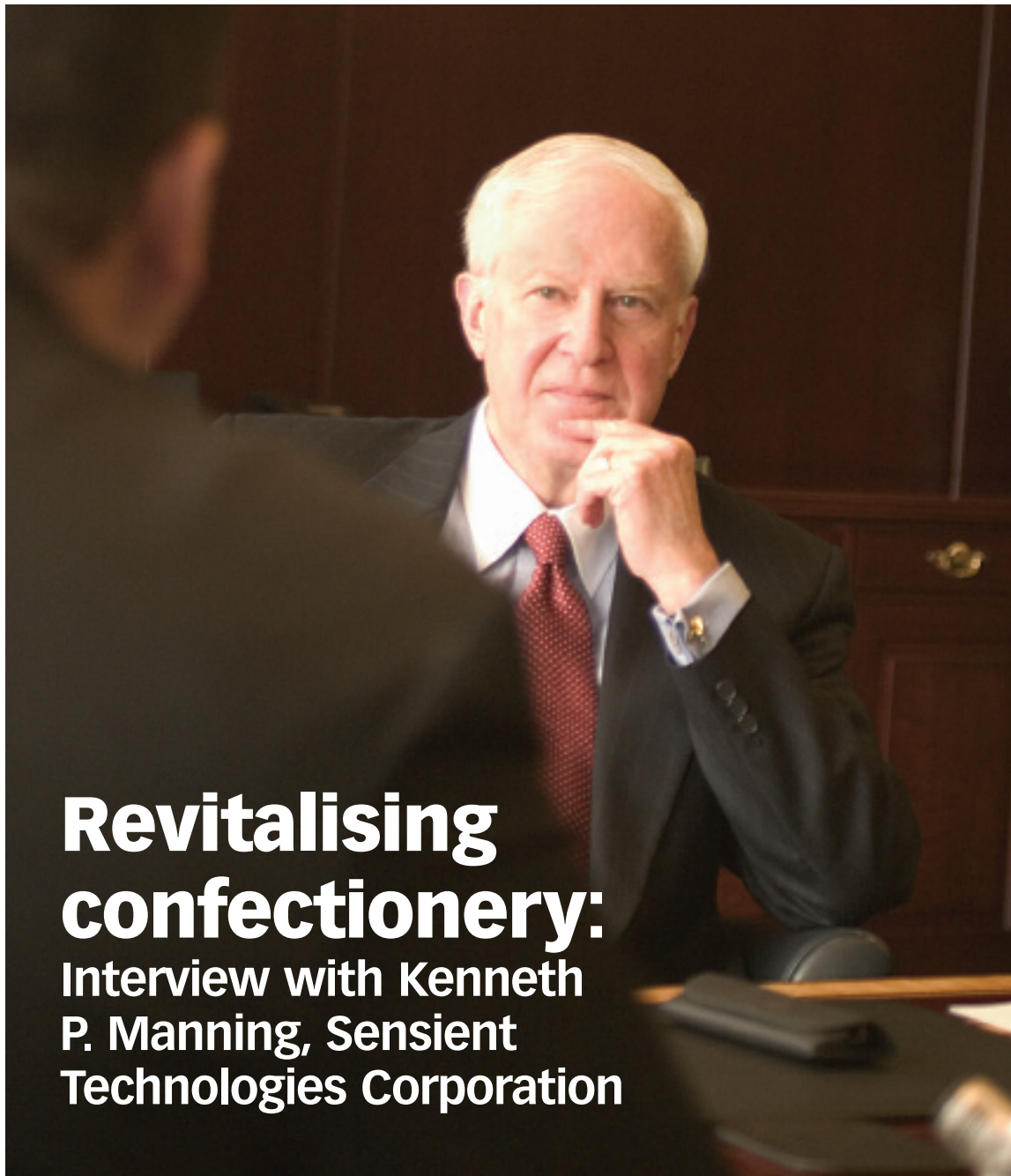


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Revitalising confectionery: Interview with Kenneth P. Manning, Sensient Technologies Corporation



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Getting to the heart of Sensient



Sensient's flavours and colours enhance a wide range of foods, including snacks, candy and dairy products

The Sensient Technologies story is a tale of success and demonstrates how forward-planning and a people-oriented approach to management can reap dividends. Based in Milwaukee, Wisconsin, USA, the company (then called Universal Foods) was founded in 1882 as a gin distiller. Five years later, the company began manufacturing yeast, and these remained core businesses for more than 70 years. After World War II, gin became the drink of choice for many Americans and these two businesses laid down firm financial foundations for the Sensient empire, which currently has an annual turnover in excess of \$1 billion (£545.4 million).

A low-growth situation

"When I joined the company in 1987", recalls Mr Manning, "the company had sold off the gin business and was operating in three areas – cheese, frozen potatoes and yeast, which had been a core business for a century. The businesses had low

Neil Watson meets Kenneth P. Manning, the Chairman, President and Chief Executive Officer of the Sensient Technologies Corporation

profit margins – potatoes were selling to fast-food retailers, as was the cheese. We were selling bulk cheese to pizza manufacturers and, quite frankly, there was a lot of competition. None of the businesses were exhibiting any substantial growth – in short, we were stagnating".



Mr Manning – architect of Sensient's success

Photos: Sensient Technologies Corporation

With his training as an engineer, Mr Manning ascended quickly through the ranks of the company. Having spent two years with the IBM Corporation in the late sixties, he knows what makes a company tick. He came direct from W.R. Grace and Co., with whom he spent 14 years, his final posting being as President and CEO of the Ambrosia Chocolate Co. in Milwaukee, one of the oldest US chocolate manufacturers.

Initiating change

Mr Manning became President of Sensient in 1992 and was elected Chief Executive Officer in 1996, becoming Chairman of the Board one year later. He immediately began to implement the vision that he had been formulating for nearly a decade. "The way forward was acquisition", recalls Mr Manning, "but we also needed to know what to divest". Since his appointment, Sensient has acquired twenty businesses. Most of these were privately owned, although some were small parts of public corporations. However, despite the acquisitions, Mr Manning realised that it made sense to retain staff that knew their business and would be an asset to the company. "We now have 77 locations in 30 countries and two-thirds of our workforce are citizens of countries other than the US. In comparison, when I became President in 1992, 95 per cent of our employees were US citizens.

"We know that it makes sense to 'manage by exception', harnessing the existing knowledge base and permitting an element of independence within each company. To retain our



New printing technology, together with Sensient's food grade inks, create products with detailed images and writing

cohesiveness, we encourage all employees to learn English", said Mr Manning. "We also looked long and hard at the historic low profit margin businesses, selling off the underperforming businesses to raise cash to fund our acquisitions."

The food arena

The company's interests expand into many non-food sectors, most noticeably the chemicals behind high-intensity organic light-emitting diodes (OLEDs) for flat panel displays that enable them to be viewed in bright sunlight. Sensient production is now split between food products (60 per cent) and non-food (40 per cent). "Although the percentage may change, we will always be in the food business", stated Mr Manning. "Food is a slow growth area of only three to four per cent per annum. Our non-food technology offers quicker opportunity for growth, but those opportunities have opened up to us primarily as a result of the technology initially created in the food and beverage business".

Company synergy

The food colours section demonstrates the synergy between the sectors in Sensient. The technology of highly purified food colours led to the use of colours for the toners used in ink-jet printers.

Mr Manning sees 'natural' flavours and colours to be the way forward. "Natural savoury flavours are very popular at the moment, particularly in the UK. Consumers want natural flavour penetration – but are avoiding MSG and salt". Mr Manning says "There are very few leading confectionery manufacturers who do not use our colours and flavourings. We are always prepared to work alongside manufacturers to help them achieve their desired product".

Sensient's colour division has gone heavily into natural food colours and flavourings, and these are finding favour across Europe, including such countries as the Ukraine, Romania and Serbia.

Flavour trends

When asked about trends in flavours, Mr Manning replies "We are now looking at special flavours for prepared foods that are activated by culinary action i.e. the heat in the microwave. We are particularly looking at flavours that are activated at high temperatures". On colours he says "We are

researching new and better emulsifiers, primarily for our beverages". The company is also looking at colours that change when brought into contact with other ingredients.

He has some interesting remarks to make regarding the trend towards low-carb diets. "I think we're reaching a plateau", he remarked. "There's no denying that these low-carb diets do work – people lose impressive amounts of weight in a comparatively short period. But it's difficult to keep that kind of regime up – people are surrounded by high-carb foods. Ultimately they want to eat and be happy. Recent investigations in the US have shown that the trend is going away from these diets and I suspect that Europe will follow suit in around one year, as it adopted the low-carb trend after the US".

Time-release flavours

Time-release flavourings are an area of personal interest for Mr Manning. "We are undertaking a great deal of research into this area", he reports. "Much of this is based around the principle of encapsulation, which has been used in the pharmaceutical industry for years". Mr Manning sees that time-release flavourings could be used to improve the intensity of the flavour profile for many foodstuffs, particularly in such products as gum and ice-cream.

He considers that such developments could revitalise the industry after numerous knocks from the health-conscious lobby. "People are aware of the perceived risks from excessive consumption of confectionery, but if the product is novel, looks and tastes good, they'll buy it anyway", he said.

Concluding remarks

Today, Sensient is a completely new company that includes high-growth, technology-oriented businesses. It is also a leading developer, manufacturer and supplier of colours, flavours and fragrances worldwide. Sensient is a unique company in that it promotes expertise in specific areas, yet pools expertise to enable lateral thinking and cross-industry exchange of ideas. In short, Sensient is about breaking down boundaries and eliminating diseconomies of scale. It seems to be working – turnover is set to rise by 5 per cent to \$1.1 billion (£599.9 million) by the end of this year. The company has adopted a policy of organic growth this year, with acquisitions only occurring if there is a perfect fit with existing businesses. Mr Manning says "Going forward, our new product development will produce growth in both the traditional food and beverage markets and in new non-food markets". ■



Sensient's dry-powder and dessert bases bring vibrant colour to confectionery and beverage products