

Profile

THE VOICE OF THE MODERN EXECUTIVE

JULY/AUG/SEPT 2015

ASK AN EXPERT

How does a CEO maximize the value of a business?

When building a company through acquisitions, maintaining its identity can be tricky. Enter Paul Manning, who refined Sensient Technologies' growth efforts and increased product value



PAUL MANNING
Chief Executive Officer

Company: **Sensient Technologies**

Location: **Milwaukee, WI**

Vitals: Manning didn't intend to be a chemist, but chemistry is what he studied at Stanford University, simply because he liked it. After serving four years in the Navy as a surface warfare officer on a Florida-based destroyer, he decided to broaden his knowledge and obtained a master's degree in business administration from Northwestern University. After working for several industrial giants, including McMaster-Carr and Danaher, he joined Sensient Technologies in 2009.

When I joined Sensient

Technologies in 2009, the company wasn't maximizing a number of businesses it had acquired. Today, as CEO, I have the ability to turn that around.

The company we have today is very different from the one we had fifteen years ago. Then we were focused on dead-end products such as cheese, yeast, and frozen potatoes. They're capital-intensive and they've largely become commoditized, so it's difficult to compete. For example, when we sold our yeast business in 2000, the price was the same as it was during the Great Depression.

In the late 1990s, we embarked on an acquisition program that made us who we are today, a specialty chemicals company. We bought more than twenty companies in a ten-year period—companies that would allow us to build a value proposition, such as a natural colors company as well as fragrance and inks businesses.

The definition of *specialty chemical* is broad. It's like saying you make personal-care products, which comprises everything from toothpaste to Chanel No. 5. It basically refers to chemical products used in almost every industry. We manufacture them.

The challenge is how you define yourself. When you make the chemicals that go into finished products, where do you make your investments? What products do you emphasize?

Many of these products are capital-intensive. You have to build concrete value in a specific industry instead of blanketing twenty industries and not really having a stake in any of them. When you look at our portfolio, we sell everything from colors to pharmaceuticals, but we're still focused because a lot of the chemistry associated with those products is similar.

When I joined the company in 2009, we weren't maximizing the businesses we'd acquired.

is the underlying chemistry of desktop inks, and how can we use that in other parts of the ink world? We made a concerted effort to expand into industrial inks and those that are water-based versus solvent-based, so they're more environmentally friendly.

I've made mistakes over the years. There have been times I've gone down the wrong path and had to step back and reassess that. But the importance of good leadership is recognizing the

“We have a real bias toward action, as long as we're not risking customers, employee safety, or product quality.”

We took a broader look at some of the industries and expanded accordingly. For example, we'd been focused more on synthetic colors than natural colors, but the market was making a fundamental shift toward natural colors with labels that look less scary, so we drove the business in that direction.

In regard to our inks business, we placed a strong emphasis on desktop inks, but clearly that market had changed; most inks you buy in stores had become standardized and there was little room for innovation. The market was strongly oriented toward the best cost when that's not really a situation you want to be in. So we asked, what

mistakes quickly, coming up with a new way of doing it, and moving forward. We have a real bias toward action, as long as we're not risking customers, employee safety, or product quality. Sometimes getting it done sooner is better than getting it done perfectly. You're better off moving forward and making mistakes. You learn a lot from them, provided the organization adapts quickly.

You have to solve problems at all levels of the organization. A lot of companies call that empowerment. We call it fixing problems. Any of the accomplishments I can speak to involve the support of hundreds of people. **P**