

Agilex: One Year In

A strategy for leading the F&F middle market: technology, innovation and a trend-forward outlook

Last October, Agilex Flavors & Fragrances launched itself into the marketplace with the intention to become the leading player in the flavor and fragrance industry's middle market. The company's mission was to combine the creativity, energy and flexibility of a small entrepreneurial startup with the organized systems, internal resources and professionalism of a large multinational. The move was hardly an overnight phenomenon. Conceived in 2003 by a group of investors, the company is composed of six companies with specific F&F capabilities acquired by Flavor and Fragrance Group Industries between 1999 and 2006:

- AromaTech: functional product delivery systems and an expertise in air care and personal care
- International Fragrance & Technology: fragrances for air care, personal care, cosmetics, soap, detergent and industrial applications
- Key Essentials (its Rancho Santa Margarita, California, base is now home to Agilex's flavor headquarters): flavors
- Flavor Source: energy drink flavor systems
- Technology Flavors & Fragrances: flavors for beverages, confectionary, baked goods, tobacco, dairy, pharmaceuticals, healthy flavor formulations (fat-free and sugarless products), fragrances for body washes, bar soaps, fabric softeners, commercial detergents and candles
- Western Flavors & Fragrances: natural and nature identical flavors for nutritional products, baked goods and supplements, and natural fragrances for personal care and air care

The pieces were coordinated and consolidated with an eye toward maintaining the distinctive value of each company. With a unified culture focused on innovation, Agilex now employs about 225 employees, divided between its fragrance division headquartered in the new creative center in Piscataway, New Jersey, and its flavor division headquartered in Rancho Santa Margarita, California.

"We listen to our clients to gain an understanding of what they need to be competitive and provide it."

Innovations for the Middle Market

It was obvious to Agilex that the large, multinational F&F houses boast up to 80% of the industry's business, leaving a few billion dollars for the remaining players. The larger houses, in focusing on core-listed global clients, did not have the resources to dedicate to middle market clients that also needed creativity and concentration. Serving these customers was Agilex's opportunity.

During a visit to Agilex's headquarters, Stuart Zlotnik, president of the company's fragrance division, explains that delivering to this mid-tier market means fielding both small and large orders with equal levels of service. Zlotnik gained this viewpoint as founder of AromaTech. "Clients have varied needs and we have varied resources," he says. "We have dedicated evaluators for each client, creative marketing professionals, a group of out-of-the-box thinkers in R&D and a brilliant staff of perfumers and flavorists. We listen to our clients to gain an understanding of what they need to be competitive and provide it."

Collaborative Fragrance Division

"We produce more than 99% of our orders on time and boast the shortest lead times in the business," says Zlotnik, highlighting the organization's focus on flexibility in meeting tight client deadlines. "We know that our clients are reducing their inventory. Our goal is to be the 'must-brief' house."

The fragrance division Center of Excellence opened in January of this year, emphasizing collaboration in project management. The new space houses the fragrance division's marketing, sales, creative and R&D staff and has an intentionally open flow incorporating designated areas for teams to conduct brainstorming sessions and to collaborate on projects. The site also features state-of-the-art evaluation rooms and a multi-sensory trend-casting space as well as robotic sample manufacturing.

"This is a very collaborative environment," says Natalie Hinden-Kuhles, senior vice president of creative services for the fragrance division. "The employees here had input into how to design this facility."

Hinden-Kuhles adds, "We've acquired a team from both large and small companies. We want to merge the processes and procedures you need to run efficiently

with the agility and responsiveness of a small company. Our perfumers are very collaborative, which is not always the case in other fragrance companies. Everyone here is continually interacting to get the job done and to infuse the expertise of all departments. It's a very team-oriented environment."

In practice, collaboration means a full assessment of each client's project's needs and assigning the necessary resources to win and make the client successful. Zlotnik cites the example of a fabric softener scent. He explains that the perfumers focus on meeting the client's fragrance profile and providing cost-effective performance. The fragrance must exhibit good top notes when dispensed, and feature retention on fabric. The company's evaluators work in the company's newly designed laundry facility to measure and ensure optimum-use cost performance.

Meanwhile, evolving client needs continue to present challenges and opportunities for Agilex's teams. The reed diffuser business, for instance, is greatly affected by potential changes in interpretation of environmental laws. The company has overcome the issue with a patent-pending reed diffuser technology that is compliant and high performance. Zlotnik and Hinden-Kuhles agree that the company's regulatory capabilities have proven invaluable in servicing smaller clients that may not have previously received such services from previous suppliers.

Meanwhile, there has been a continuing boom in the fuzzily defined arena of green fragrances. "Since green

hasn't officially been defined yet," says Hinden-Kuhles, "it's really a marketing term at this point. A customer may say that they want a green fragrance and we need to probe further into the request. Do they mean natural? Biodegradable? Environmentally friendly?"

The Flavor Strategy


One of the emerging benefits Agilex reaped from its mass has been the control of costs via joint raw material sourcing between the fragrance and flavor divisions. The company estimates that it has one of the largest flavor houses based on the West Coast. Focused on innovation, technology and delivery systems, the somewhat regionally focused operation includes an on-staff nutritionist working with R&D on healthy flavor formulations.

The division has amassed a range of flavor specialties including naturals and organics, energy drinks, carbonated beverages and fortified waters, nutraceuticals, pharmaceuticals, tobacco, ice cream, flavors for high-intensity sweetener systems, nutritional products including sports bars, performance shakes and weight-management products, bitter-masking oral care flavors, and heat-stable confectionary.

As part of its program of original research, the company's flavor division has launched its Flavor Focus program, which targets specific demographic groups to identify preferred flavors. The program, currently focused on the energy drink market, will eventually expand to allied segments such as vitamin-fortified waters and RTD teas.

Of the research, Agilex's president of flavors Tom Damiano says, "We've done the leg work and lab work to find out what flavors are preferred for groups we've targeted based on ethnicity, gender and age ... [W]e're set to share that wealth of knowledge and scientific expertise with our customers who will then be able to target market their products more effectively than ever."

*Reported by Jeb Gleason-Allured, Editor;
jallured@allured.com*

*To purchase a copy of this article or others,
visit www.PerfumerFlavorist.com/articles. *