



Who Steers the Ship?

Choosing among departments for the organizational lead role in a flavor house

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We are all keenly aware of the strengths and vulnerabilities of our respective companies. Perhaps, many of us in our quieter moments have a mental image of the perfect Elysian flavor company. Thankfully, most of those images are radically different from each other; otherwise, we would be living in a very boring world.

I have worked in every conceivable structure, and over the years my view of the perfect company has changed dramatically with different experiences. Due to space limitations, I will focus this article on only one aspect of my idea of a perfect company: Who steers the ship?

By that phrase I do not refer to the background of the CEO, although that may have some relevance.

Irrespective of the size of company and the strength of character of a CEO, most companies are driven, in practice, by a specific function or department. The choice of function to play the lead role may be deliberate or historical; in either case, it plays an important part in the performance of the company.

Creative

When I first achieved a reasonable level of confidence and success as a flavorist, I was convinced that the creative department should rule the world, especially because only a few people possess the unusual personality type and aptitude to be creative—and are thus generally viewed with incomprehension by the rest of the world. How great it would be to work in a company that takes its



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direction from the creative function. A creative-driven company does have some concrete advantages—flavorists need to be in close contact with customers and they are the only ones who can correctly interpret sticky project information. For instance, only a flavorist knows what exactly a customer means when he or she asks for a “chewy” flavor. Moreover, if the creative department takes the lead, it becomes extremely easy for R&D to be productive and get the results of their work into the marketplace. The main disadvantage of creative leader-

ship, however, is that not all flavorists are customer-friendly and many have an emotional attachment to their creations. Consequently, customers may be characterized as “unappreciative” and the phrase “take it or leave it” will occasionally be heard.

Applications

If creative leadership is not quite ideal, what about its partner in crime—the applications function? Flavor application is more of a scientific discipline than a creative one, and thus it is much easier to be tied

into a consensus with the rest of the company. The applications team also needs to be close to the customer and should be driven by common sense and practicality. Putting applications in the driver's seat can certainly result in better organization and utilization of the flavors at hand; in theory, it might also result in useful competition between flavorists and raise the bar a little. However, in practice the applications staff members are only human and therefore tend to play it safe with important projects: "Why take a risk with a new approach when we can take the same approach that worked last year and the year before?" This thought process slows down creative development and the company gradually loses its competitive edge.

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Research

Only a few companies in the flavor industry put R&D in the driver's seat, and that is not hard to understand. The halls of academia are a very far cry from the grimy world of day-to-day commerce. That said, on the rare occasions when a company discovers a truly disruptive new technology, R&D may be the only function able to guarantee its place in the market; every other function will have a strong vested interest to kill off the new technology without delay. In fact, the only other way companies have successfully launched disruptive technology is by forming a completely separate subsidiary. That is a very expensive option.

Operations

Good customer service is vital and, surprisingly, very difficult to achieve. Many companies struggle with terrible over-complexity—there are simply too many ingredients to keep in stock efficiently or cost-effectively. Clearly, no other function really understands how to solve the problem (or is even motivated to try). In such situations, directions from operations can result in short term improvements in customer service; but eventually this

may prove to be disastrous because of operations' lack of connection with the commercial function.

Finance

We all know where to save money, and most often it is somewhere *else*. Financial leadership can be highly successful in the short term. If we are honest, we can easily differentiate the areas of business that truly add value from the ones that simply fulfill a "nice to have" internal function and can be completely discarded without penalty. In the longer term, however, a reliance on continual cost-cutting damages the sharp end of the business, and outsourcing becomes little more than an exercise in smoke and mirrors. Besides, the finance function also lacks enough

customer awareness to be successful in a long-term leadership role.

Marketing

Current wisdom tends to dictate that the marketing function should be the one to provide direction for flavor houses. It makes sense. Some of the functions at the sharp end of the business can settle into narrow comfort zones. Marketing direction should ensure that the focus is on the best and most profitable opportunities, rather than simply repeating what has been done before. Unfortunately, this is not quite what happens in practice, and in reality, like operations and finance, marketing inevitably drifts away from the practice of daily customer contact and identification. The marketing department providing overall direction is fine, but marketing leading day-to-day details is like a general trying to direct a battle from a comfortable desk located miles behind the front line. This approach leads to caution and generates the need to constantly revalidate even the simplest decisions. The outcome: Troops on the front line suffer unnecessary casualties and the front fails to advance.

Sales

By now one can see where this is heading, and many of my creative friends may already be reaching for the phone to accuse me of treason. But for all our grand pretensions, the fact remains that the flavor industry is essentially a customer service industry, and the customer must be king. The only function with that interest truly engraved on its heart is sales—clearly, it should provide the leadership.

Fanatical salespeople can be very uncomfortable and sometimes downright impossible for colleagues to bear, but, if they are good at their job, they will be the day-to-day advocates for their customers in every tiny detail; the competition will never get a look in. But how do companies keep the sales function out of its comfort zone in order to ensure it is sufficiently fanatical? The answer is simple—pay sales staff outrageous short-term bonuses based on profit growth from new business. Paying sales staff large bonuses may seem a little insensitive at the moment, but one needs to remember they are not bankers; they do actually generate wealth. Other staff will accept bonuses that are simple, transparent and clearly linked to the success of the company, especially if the remuneration of other functions is also credibly tied to performance.

It is clear that every key function has an important part to play, and that the power of the commercial function must be carefully counterbalanced in any successful structure. But, ultimately, sales must steer the ship.

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