

Fragrance Industry Organizations Realign for a Stronger Global Voice

Each year the international fragrance industry spends about \$14 million in regulatory and science costs, says **International Fragrance Association** (IFRA) president **Demi Thoman** (Givaudan). Of that, \$8.8 million comes from six top companies: Firmenich, Givaudan, IFF, Robertet, Symrise and Takasago International. In addition, a sizeable amount is generated by client companies that are members of the industry's science arm, the **Research Institute for Fragrance Materials** (RIFM). Under an ongoing realignment of the fragrance industry intended to bring "critical mass around resources," the six fragrance houses mentioned above will become "IFRA direct members," meaning they will pay all of their dues directly to IFRA and will have a collective 21 votes on matters before the IFRA board. IFRA will effectively become an association of companies that is, in Thoman's words, "a quick, simple, streamlined and globally aligned industry association network." He adds, "It's not a closed club. This is open to any global company that wants to become a direct member." The remaining nine votes on matters before IFRA will be distributed based on market share among regional committee representatives: **IFRA Europe** (three votes), **IFRA Latin America** (one vote), **IFRA Asia** (two votes), and **IFRA North America**, the **Fragrance Materials Association's** (FMA) new legal name (three votes). Any change in the number of IFRA direct members would change the total number of overall available votes, while maintaining the proportional 30% share of votes for regional representatives.

Growing Challenges, Costs

It is no secret that the fragrance industry has faced growing nongovernmental organization (NGO) and governmental pressures in recent years, including anti-fragrance activities in California. As a result, the organization has worked to become less secretive and more proactive, cooperating with IFRA to launch an ingredient transparency list. Recently, FMA has engaged with NGOs and the **Consumer Specialty Products Association** (CSPA) regarding the future of ingredient labeling. Unfortunately, an agreement on that matter has not come to fruition, to date. As a result, says FMA president **Bill Troy** (Firmenich), the fight will ratchet up on a much larger scale and will require the fragrance industry to engage and educate legislators and others on key industry topics.

"We've got to combat what is going on out there," echoes Thoman. "There are people coming after the industry." That takes money. "The current model has made it difficult to raise sufficient funds through dues income and meeting income," says Troy.

This insight is not new. Thoman notes that over the last decade a number of top fragrance companies realized more money was needed to defend the industry. "It's their place to start funding more of what's going on," says Thoman. "They have that responsibility." IFRA and the FMA have faced growing pressures at home and abroad and RIFM is charged with conducting an increasing amount of research. In a crisis, emergency funding may be needed. The direct membership model under the current fragrance trade association realignment seeks to address those needs. And while a majority share of organizational funding is coming from a core of top companies, Thoman stresses that companies of all sizes will continue to be fairly represented. "It has to be taken into account in the context of everybody," he says. "We've been very conscious of representation from all aspects of the industry so that we don't make a mistake that will hurt a segment of the industry."

Coordinating Local and Global Voices

The DNA of the FMA reaches back to the 1920s; RIFM was established in 1966; IFRA was formed in 1973. In subsequent years, the entire landscape of business, regulations and NGOs has changed. "People are asking more questions and there is more legislation being [introduced] in different parts of the world, so we needed to talk a little more about what we do as an industry and get more visible and be able to react more efficiently and effectively," says Thoman. And, he points out, issues have become increasingly global, challenging traditional trade association structures. "What we do in one part of the world dramatically affects another part of the world," he says. "These things tend to have passports."

"In the past," says Troy, "IFRA—partly by virtue of its location in Europe, partly by the way some of the industry folks managed it—was seen as the European group; the FMA was seen as the US group. There wasn't always coherence between what the FMA and IFRA thought and did. What we're trying to do is approach this from a global market and challenge perspective, and ensure that what our industry says is coherent and coordinated." Under the new structure, he says, the FMA continues as a key member of IFRA. IFRA's role is to take the lead on establishing international strategy, which will be implemented at the local level by the FMA and other regional groups. Troy adds that under the new model, the FMA, in addition to its regular funding, can submit project proposals on issues affecting the industry on a global scale to IFRA for additional resources. Emerging regulatory issues in California will soon form the basis of five or more such proposals.

"National and regional associations have a huge role to play," says Thoman. "They're the ones that have the



The Fragrance Materials Association annual business meeting featured a discussion and vote on the realignment of international fragrance associations.



Jim Heinz (Bell Flavors & Fragrances) and Richard Pisano, Sr. (Citrus & Allied Essences).



Jeff Milton (Vigon), Milton Hull (Firmenich), Fred Keifer (Firmenich) and Sue Fillingham (Firmenich).



Chris English (Bontoux) and Lee Beuk (Bedoukian Research).



FMA president Bill Troy (Firmenich).



Mohan Pradhan (Mane).



Bill Ludlum (Berje) and IFRA president Demi Thoman (Givaudan).

relationships and understanding of what the issues are. You need that expertise and those organizations in place. Otherwise it fails. You don't send someone from Europe to Tokyo to lobby about a piece of legislation. That just doesn't work."

Troy acknowledges that the realignment represents a significant undertaking. Issues were worked through amongst stakeholders and checks and balances put in place, though approval of the plan was not unanimous among members.

"Change is difficult," acknowledges Thoman. "We need to evolve, because the rest of the environment is evolving. I don't want us [the industry] to be a dinosaur. We don't want to become extinct."

View additional photos from the FMA annual business meeting at www.perfumerflavorist.com/events/coverage.



Mary Herbst (Berje) and speaker Trevor Butterworth (Stats.org).