

The Last Word: FONA Looks Toward the Next Decade of International Expansion

“Our North American customers are unable to grow in the United States at the rates that keep their shareholders happy,” says newly appointed FONA president Luke Slawek. “So they have to go to the emerging markets in order to grow and meet shareholder expectations. It’s our job to be able to locally create and develop taste profiles for those regions and produce that high-value, low-volume product with a service that they’ve come to expect and appreciate domestically.”

To service these needs, FONA is currently engaged in partnerships in India and Australia, is forming another in China, and has established FONA International U.K. Ltd. in Andover, U.K.

“Consumer preference is the only quantifiable element of our business,” says Slawek. “Those partners are able to help us create, develop and verify consumer preference in the local markets so that our customers have the best possible product on the market.”

Slawek adds, “This is just the start. We have a lot more international expansion to do in the next 10 years.”

Believing that the current environment for business and regulations in the U.S. is growth-depleting, Slawek sees growth coming primarily from the Far East, with India as a key hot spot: “The major growth in the food industry will come from the urbanization, as well as the infrastructure investments in India and China currently, and eventually in the real emerging markets such as Brazil and Russia. We need to invest where the markets are less restrictive.”

Slawek assumes the presidency of FONA, where he is also a member of the board of advisors and an officer, following in the footsteps of his father, Joseph Slawek, the company’s chairman and CEO. Starting in 1996 at the invitation of his father, Luke Slawek worked his way through the organization, from maintenance to the warehouse to running spray dryers, doing liquid compounding and handling sanitation on the production floor. He trained as a flight instructor, received a bachelor’s degree in aviation and did his postgraduate work at INSEAD in Fontainebleau, France. He later returned to the family business, first in sales, where he grew the company’s largest account, and



Luke Slawek

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later in management of new technology development and operations. Today, he finds himself president of a company with 245 employees and a plan for multinational expansion.

Currently, he says, “I am very seriously contemplating three acquisitions: one in Europe and two in Asia Pacific. They are all family businesses that refuse to sell to public companies. We have very little competition for the acquisitions because many of the competitors who would be in the market to acquire them are public. The ones that are private, which would be in the market to acquire them, can’t waste the resources of buying a €10 million company. They need bigger [targets] than that. We’re targeting \$5 million to \$20 million companies.”

He adds, “We’re seeing that the valuations in international markets have a much better price point than anything domestic.”

Any acquisitions will help the company continue its growth,

which has averaged 17% a year, with FONA roughly doubling in size every four and a half years.

“The most powerful driver of growth is our culture,” says Slawek. “It’s the type of people

we attract, retain and passionately care about our business. “The second element is that we’re very customer-centric. I strongly believe that ... if you take great care of your employees and ask them to pay it forward to the customers, the customers always take great care of the business.”

He adds, “We are a family business ... and we are strictly high-technology flavors, which makes us unique. We find the hardest things to do and win that business—cereals, snack foods, sugar-free chewing gum, high technology beverage and over-the-counter health care. When you target those areas, they’re all really difficult technology platforms. That’s very sustainable when you develop new technologies and flavor systems that [fulfill] a real consumer need, such as salt reduction, sweetness enhancement, sugar reduction, etc.”

Slawek stresses that food safety and consumer safety are the most important priorities for the food and flavor industry, and that in the U.S. and elsewhere, industry must take a leading role in guiding these initiatives.

“I’m making a lot of investment in safety and regulatory as a strategic initiative,” he explains. “We have, I believe, 27 regulating bodies between federal, state and local government, and I believe only the safest and highest quality companies are going to exist in two decades. If you have safety or quality issues, the market is not tolerant of those.”



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