

Mansfield-King expands its reach into the beauty business

The growth of professional beauty field marketers has attracted service providers whose services and capabilities are driven by the need for customer satisfaction. **Mansfield-King**, located in Indianapolis, is, according to **Inc. Magazine**, the fastest-growing personal



Charles Haywood

care contract manufacturer in the country over the past four years. **Beauty Industry Report (BIR)** recently had the opportunity to spend time with **Charles Haywood**, company president, and we explored how Mansfield-King backs up

Charles' bold statement, "We provide nationwide fast, flexible and error-free contract manufacturing, packaging and formulating."

BIR: Please share your story.

Charles Haywood (CH): Our position as the nation's fastest growing contract manufacturer is driven by two factors—our R&D and our commitment to quality and service. On the R&D side, we have established a leading position, particularly in ethnic formulation and professional beauty formulation. On the quality and service side, simply executing well has resulted in a prominent position in the industry. When we started six years ago, nobody knew who we were. Now we are the go-to firm for many brands in diverse personal care markets.

BIR: Please give BIR's readers a brief description of Mansfield-King.

CH: Well, that's a question that has an always-changing answer, due to our growth. At present, we operate in 180,000 square feet of production and warehousing space. We produce in 25 jacketed tanks, ranging up to 2,500 gallons (we have eight tanks 2,000 gallons or larger). All tanks are dual agitation, and we provide homogenization and other specialty processing, as well.

We operate 11 full packaging lines, which in a few months will be 13 lines, as well as specialty flex lines. Our investment in equipment means we can produce and package pretty much anything, from heavy creams to alcohol products to any type of traditional hair care or

skin care product. And we package those products in form factors ranging from bottles to hot fill jars to crimped tubes. Finally, we offer kitting and logistics services—if your company is a pure marketing organization, we'll take care of everything necessary for your company to succeed (except marketing!).

Right now, we operate on one shift. With that one shift, we produce tens of millions of units per year. So you can see that the investments we've made in equipment support a lot of additional manufacturing through adding shifts. This is part of our overall plan—to ensure that we always have "scalability"—the ability to assist any customer who may contact us. We never want to be in a situation where we can't meet a customer's needs or worse yet, we promise something we fail to deliver.

BIR: Inc. Magazine in 2010 named your company the fastest growing personal care contract manufacturer in the nation and the second-fastest growing manufacturer of any type from 2006 to 2009. How has the company grown so rapidly?

CH: Again, there's nothing magic. We hire the best people, and we pay them more than market pay; we have essentially zero people choosing to leave us. That leaves us free to focus on meeting customer needs. We ensure that perfect product arrives on time to the customer, while we continuously communicate to the customer—nothing more and certainly nothing less. That seems to strike a chord with customers, who do not always receive these basic services.

A few other factors certainly help. We don't own our own brands, so we don't compete with our customers. That's increasingly a rarity in the contract manufacturing industry. We want to stick to what we know we're good at, which is manufacturing. Our customers are the marketing experts, so they stick to that! Also,

our geographically central location is a key advantage in these days of rising fuel prices.

Finally, last but not least, we have a great team. We're somewhat decentralized—executive members of the team have wide latitude to do what they think is best, without second-guessing from me. For our team, the company is what they can make of it, not a bureaucracy where people punch a clock and hope to get moved from Grade A-3 to Grade A-2. We want the best people to work here and to be happy here, and so far I think we've been very successful in that goal. Without that, it would be hard to grow so rapidly.

BIR: Tell me about your R&D capabilities.

CH: Everybody says that they can perform R&D, but we believe our capabilities and offerings are unique. In fact, several of the best selling products nationwide in our focus categories were formulated by us. And we don't try to keep customers hostage by refusing to let them have the formulas—either our customers own them from inception, as part of our arrangement, or there is a clear path for customer ownership. We expect customers to stay with us because we provide the best product, not because we own their formulas.

BIR: Tell me about your commitment to quality.

CH: One of our core competencies is high quality—that, by definition, is critical to every

one of our customers. Therefore, we operate the entire facility pursuant to our custom-written Quality Manual. That means operating as an FDA-registered, cGMP-compliant facility, but it also means a lot more. A wide range of written and documented SOPs governs all aspects of the plant, accompanied by validation

plans and focused not only on maintaining quality, but also collecting data. We then use that data to continuously monitor and improve our performance, through statistical process control, using control charts to create process capability improvement.



Mansfield-King is expanding its manufacturing capacity.

“We provide nationwide fast, flexible and error-free contract manufacturing, packaging and formulating.”

It's not just the quality processes, though. We strongly believe that despite our extensive QC testing, quality cannot be inspected into a product. Therefore, we not only analyze and improve our processes, we also invest in equipment that helps ensure quality without human intervention, such as checkweighers, skew-cap detectors and closure sensors.

BIR: What is your operating philosophy and how do you approach each day?

CH: We want to be the best and most successful contract manufacturer of personal care products in the world. Our entire team is driven by this philosophy. Every morning, we don't want to be good enough, we want to be the best. And that desire produces results for our customers.

BIR: I have to ask—where does the name “Mansfield-King” originate from?

CH: When I started the company, I noticed that a lot of contract manufacturers had generic, unmemorable, “me-too” names—“Pak”—this and “Pak” that. So our name is chosen to be distinctive. Mansfield was my paternal grandfather's middle name and King is another relative's last name. I'd like to say that my relatives were involved in personal care, but my

grandfather was a classics professor at NYU—he probably didn't pay any detailed attention to personal care products at all!

BIR: What is your vision for your company?

CH: We intend to grow the company until it is the dominant North American contract manufacturer of personal care. We're certainly on that growth curve, and it's a matter of maintaining focus and delivering what customers demand. So far, we've always prepared to scale rapidly, so that we always have excess capacity even with our rate of growth. With our team and the reputation of Mansfield-King, I see that goal as attainable.

One thing we don't want for the company is to sell it to make a quick buck. We're in this for the long haul. I own the company and fortunately, don't have to report to anyone else, so we can afford to take the long view. So if an investment in equipment doesn't yield returns immediately that's OK—it will soon enough. By the same token, we don't need to sell the company to meet someone else's financial goals. I expect the team we have now will be the core of the company for many years.

And, in fact, along with our growth in the liquids area, we are planning on expanding into related manufacturing areas, such as aerosols and bar soaps. We are currently expanding into professional hair color, and I anticipate we will also move into color cosmetics at some point. It might take up to 10 years, but ultimately, we intend to be a one-stop shop for global brands that are looking to wholly outsource their personal care manufacturing needs.

BIR: What marketing initiatives are you using to increase the awareness of your company?

CH: Word of mouth is by far the best marketing tool. Sure, we have a Facebook page and an informative website, but there's no substitute for the personal touch and people vouching for you. Most of our new customers come from referrals from existing customers.

BIR: Several contract manufacturers have recently gone bankrupt, which implies that yours can be a difficult business. Are those problems something that concerns you?

CH: Yes and no. No, in the sense that we are very careful to manage growth to avoid any possibility of financial distress. We fund all our growth from internal funding, rather than

incurring large amounts of external debt. We don't believe in leverage, and we don't care about abstract finance-driven performance measures like return on equity, because we don't have external owners to whom we have to report. I think this guaranteed stability is attractive to customers, because they know we'll be here tomorrow, and in 10 years, not shuttered unexpectedly.

Yes, our competitors' problems concern us, in the sense that in a Darwinian way, it benefits us when weaker competitors close or reorganize, because we can pick up customers and excellent equipment. That sounds harsh, but ultimately it benefits our own customers.

Other than very low leverage, our capital structure is also helped by our Indiana location. Indiana may not be the most exciting state, but it's manufacturing-friendly, has low operating costs and has easy, relatively low-cost transportation to the entire continent.

BIR: A lot of larger contract manufacturers have moved into manufacturing and marketing their own brands. The theory is that being a brand company permits higher profit margins than contract work. Is that something you also do or are considering?

CH: Absolutely not. One of our core principles is that we don't compete with our customers. That means that we have no interest in marketing our own brands, which could be perceived as competition by our customers. By the same token, we focus obsessively on confidentiality and firewalls between intellectual properties belonging to different customers.

BIR: What are Mansfield-King's major points of difference?

CH: I won't say we're unique, because there are a handful of other contract manufacturers who deliver great services with fantastic execution. They're the exception, though, rather than the rule. If you want the cheapest possible price and don't care that much if the label is crooked, we're not your company. If you want a great price (and it helps that we're in Indiana), great R&D, great service and great quality, we're your shop.

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