

Sweet Home Alabama

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Just as Alabama has provided a winning location for Tate & Lyle to manufacture its star sweetener, the company has returned the favor by consistently being a good corporate citizen

Across the country, health-conscious eaters have been swept away by the low-carbohydrate craze spurred by the popularity of the Atkins diet. In Alabama, that's good news, as Splenda, the "no calorie sweetener," is manufactured in the state — and recent plans call for a major expansion at the plant in McIntosh, Ala.

Splenda is the commercial brand name for sucralose, a low-carbohydrate sweetener made from sugar, and it has become widely popular as a sugar alternative for the thousands of Americans on low-carbohydrate and low-sugar diets. The European Union has also recently approved the use of sucralose, so

Splenda is poised to delight the palates of people around the world.

Formerly owned by McNeil Nutritionals, a division of McNeil-PPC, Inc., the Splenda plant in McIntosh was sold to London-based Tate & Lyle PLC earlier this year. As a result of the product's continued success, Tate & Lyle recently announced a \$30 million expansion of the plant.

While details of the expansion have not yet been announced, the expansion will utilize the plant's existing patented manufacturing process and will be completed by January 2006. According to Chris Fox, Tate & Lyle's director of corporate relations, the project will be funded from existing resources and

is expected to recover the company's cost of capital in only its second year of operation.

With its purchase of the plant and realigned agreement with McNeil Nutritionals in April, Tate & Lyle became the sole manufacturer of Splenda and became responsible for the worldwide ingredient sales of Splenda to food and beverage manufacturers. The Splenda brand is still owned by McNeil Nutritionals, which has commercial responsibility for the brand's worldwide retail and food service business. Tate & Lyle supplies McNeil Nutritionals with sucralose on an exclusive basis.

"We have experienced exciting growth in demand for Splenda

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sucralose across all food and beverage categories and this has driven our decision to invest in increased plant capacity,” says Austin Maguire, president of Tate & Lyle Sucralose. “We have an experienced team at McIntosh, Ala., and consequently we have committed to a significant expansion of our sucralose plant at a total capital cost of \$30 million.”

Alabama has provided a climate attractive to manufacturing in a time of overall decline in the industry. According to Maguire, operating and expanding the business has been “seamless” because of Alabama’s low tax burden, the ease of acquiring necessary environmental permits in the state, and the “outstanding support” of the city McIntosh and Washington County.

The marketability and popularity of the plant’s product is certainly one reason for Tate & Lyle’s decision to expand. Sucralose is already found in 3,500 products globally and “the list is growing every day,” Maguire says.

“Sucralose has exciting growth potential,” Maguire continues. “We have been delighted by the strong customer-led demand for Splenda sucralose since we completed the business realignment with McNeil Nutritionals in April. This growth is across all categories and includes the introduction of new mid-calorie carbonated beverages containing sucralose. Splenda sucralose business-to-business sales over the past 12 months have increased by over 50 percent.”

Tate & Lyle executives believe the growth has been driven by Splenda’s sugar-like taste, its heat stability and shelf life, its ability to blend with other high-intensity and nutritive sweeteners, and its

no-calorie characteristics.

But in addition to the popularity of the Alabama-made product, Tate & Lyle’s decision to expand also seems to stem from the fact that the company has found an ideal fit with its Alabama location and its local work force.

“**S**ince acquiring the plant in April 2004, we have been impressed by the enthusiasm and depth of knowledge of people in the new sucralose team,” Maguire says. “The team has quickly become an integral part of Tate & Lyle’s global manufacturing network. McIntosh provides an important strategic platform for a rapid expansion in response to a growth market. The raw material supply and energy costs make the location attractive. The experienced work force, locally available fabrication facilities, and excellent construction contractors all make an expedient construction and startup possible. We look forward to continued growth.”

Just as Alabama has provided a winning location for Tate & Lyle to manufacture its star sweetener, the company has returned the favor by consistently being a good corporate citizen. Tate & Lyle, like McNeil Nutritionals before it, makes community involvement a priority.

The plant holds quarterly blood drives at its facility in cooperation

with the Red Cross, and it sponsors the Junior Achievement program at local McIntosh schools, with company employees as volunteers. Tate & Lyle’s McIntosh facility also prides itself on providing employment for individuals with disabilities, through cooperation with the Mobile Association for the Blind and other similar organizations for people with disabilities. The plant was selected employer of the year by the Association for the Employment of People with Disabilities.

Tate & Lyle and its employees also give generously to local charitable causes. The plant was a major contributor to fund a bridge for consistent access for the local community. The sucralose plant is also the largest local contributor to



both the March of Dimes Walk and the American Heart Association's Heart Walk, each held annually in nearby Mobile. Ninety-seven percent of the organization's employees participate in the United Way employee-giving campaign. Last year 160 employees contributed \$100,000.

Although the McIntosh Splenda plant has made quite an impact on its community since arriving in Alabama, it has also benefited from the service and expertise of Alabama's vast business resources. When plant management realized it was experiencing a lack of statistical control in one of its units, it

turned to the Alabama Technology Network (ATN) for assistance. With 10 centers located across the state, ATN specializes in helping manufacturers in Alabama improve their global competitiveness through technical assistance, work force training and technology transfer.

“We worked on a project with Tate & Lyle, which was then McNeil Nutritionals, using Six Sigma to optimize the plant's yield,” says Linda Vincent of ATN's Tuscaloosa office. Six Sigma, a quantitative methodology for achieving quality in organizations, has been used to increase quality and productivity for thousands of companies including Motorola, Allied Signal and General Electric. “Two MBA students, both with chemical backgrounds, worked there during the summer and stayed on site in corporate apartments to conduct research and carry out the project. We worked with the facility and its management to help them make decisions that would maximize their yield and increase their productivity.” After the project was completed, ATN identified a \$130,000 cost savings resulting from the collaboration.

Based on its commitment to working smarter and more efficiently, along with its strong tradition of community involvement, the Splenda plant was selected as one of ATN's Manufacturers of the Year for 2003, says David Mixon, marketing manager for ATN. “We have a very good relationship with them,” Vincent says. “We specialize in providing all kinds of technical assistance to Alabama industry, and the Splenda plant was a great success story.” ■