

CPAC turns 35

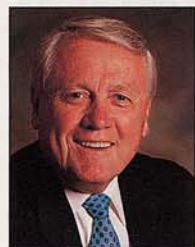
Diversification strategy planned nearly a decade ago helps company thrive

CPAC Inc., Leicester, N.Y., was founded March 27, 1969, by **Thomas N. Hendrickson**, with six employees and a singular focus: to help photo processors meet stringent regulations for silver recovery. Thirty-five years later, the publicly traded company has 550 employees worldwide and has diversified into many new markets.

A key move for the company came about 10 years ago, when it enacted its "Vision 2000" diversification strategy. The move was designed to offset the impacts of an industry that was moving from silver halide to digital technologies. The plan was to make CPAC less dependent on imaging products, while continuing to strengthen its position in chemical manufacturing, which had become a core competency.

Hendrickson, CPAC president and CEO, says strategy has played an important role in the company's longevity. "We saw, in the mid-1990s, that the big photo companies were hiring electronic, rather than chemical experts. That was an indication the industry was changing."

The company's first move in diversifying from chemical and imaging products came with the acquisition of **The**



Thomas N. Hendrickson

Fuller Brush Co., a maker and marketer of cleaning chemicals, brushes, brooms, and mops. "This was followed by two additions to our portfolio that expanded the CPAC presence in its new markets,"

Hendrickson says.

Following the acquisition of Fuller Brush, CPAC positioned itself as having two distinct business segments: Cleaning and Personal Care, and Imaging. Fuller Brush even offers products for the photo industry. In September 2003, the company introduced a collection of cleaning products specifically for photo labs. The products address routine maintenance requirements in the lab, as well as spot cleaning in lobbies, meeting rooms, offices, rest rooms, and other public areas.

Sales are split 60-40 in favor of the CPAC non-imaging portfolio, although Hendrickson indicates the company is still committed to growing the imaging segment. Growth will come worldwide where film is still strong, he says, rather than in the United States, where imaging sales are expected to be flat this year and then decline.

"China is a very important market for us," he says. The company is planning to open either a manufacturing or distribution facility in China by March 2005.

A look back

CPAC was founded as **Computerized Pollution Abatement Corp.** It originally produced silver recovery equipment, enabling photo labs to recover polluting discharge from chemicals used to develop film and paper. Its Equipment Division in Leicester still manufactures these products.

The company incorporated and shortened its name to CPAC Inc. in 1976; it went public in 1981. A decision to diversify by adding a consumable product line led to the company's first acquisition in 1984 of **Trebla Chemical Co.**, a manufacturer of photographic chemicals in St. Louis, Mo.

CPAC continued to grow throughout the 1990s, acquiring a variety of medical, dental, and graphic arts chemical and equipment concerns. International expansion came next, with acquisitions that established manufacturing



The newest CPAC Imaging chemical manufacturing plant, near Bangkok, Thailand, was established in 1999.

and distribution points in Belgium and Italy.

Along with the company's diversification into Cleaning and Personal Care in the 1990s, CPAC continued to build global capacity by establishing manufacturing facilities in South Africa and Thailand in the latter part of the decade.

In 2002, CPAC purchased 19 percent of **TURA AG**, a German manufacturer of photographic paper and film products. The company says TURA film and paper products complement CPAC chemicals, and the reusable and single-use cameras, TURA-branded batteries, and digital products present new opportunities for its customers. CPAC increased its ownership in TURA to 40 percent in 2003.

Although the company has marked its 35th anniversary internally, as well as in its community, its vision is firmly focused on the future.

"As in the past, acquisitions and strategic alliances to strengthen both sides of the business will be part of our long-range plans," Hendrickson says. PM

— By Bonnie Gretzner
e-mail: bgretzner@pmai.org

Fast facts

Company: CPAC Inc.
Founded: March 27, 1969, as Computerized Pollution Abatement Corp.
Number of employees: 550 worldwide
President and CEO: Thomas N. Hendrickson
Products: CPAC manages holdings in two industries. The CPAC Imaging segment develops and markets imaging chemicals, equipment, and supplies at seven business units worldwide. The Fuller Brands segment manufactures commercial, industrial, and household cleaning products, as well as custom brushes and personal care lines.
URL: www.cpac.com