

Zotos innovates and turns green in the process

Ron Krassin, Zotos Intl./JOICO/ISO president/CEO, returns to *Beauty Industry Report* (BIR) with an update on the newest innovations at one of the professional beauty business's major corporations.

BIR: It has been a few years since we featured Zotos in BIR, Ron. What's new?

Ron Krassin (RK): Today, I want to tell you about Zotos' innovation—both in terms of our new products and our environmental activities.

BIR: Sounds interesting, but first, please remind BIR readers about your background.

RK: I have more than 25 years of business experience with a handful of quality companies. After graduating from Ithaca College, I began my career in accounting with **Coopers & Lybrand**. After earning my CPA, I left public accounting and earned an MBA from the University of Michigan. I then moved into marketing at **Procter & Gamble**. P&G taught me, among other things, that new innovative products are essential for growth. After leaving P&G, I held jobs of increasing responsibility in marketing and then general management. I accepted the new position of chief operating officer at Zotos in late 2004. After a few months, I was promoted to president. I took on the additional responsibility of CEO in 2007. I am extremely proud of what Zotos has accomplished over the past five years. Essentially, we have transformed Zotos into one of the fastest-growing and "greenest" manufacturers in the professional beauty industry.

BIR: Please share the secrets of your success.

RK: There are multiple factors, but I believe the passion, dedication and innovative thinking of our employees is at the core of our success. For example, our progress on "green" initiatives and keeping the planet beautiful is a direct result of our commitment to the environment. Not only is our team ensuring Zotos is a leading firm in protecting the environment, but it's making sure we also receive a return on our many environmental investments.

BIR: Please tell us more.

RK: First, all of our products are manufactured in Geneva, NY. Made in the USA! We are proud of the work our manufacturing team has done. Under their leadership, our

plant has been transformed into a state-of-the-art green manufacturing facility.

Zotos has always been a socially-responsible and eco-conscious company, but our current environmental initiatives put us on a path to become one of the greenest professional hair care companies. Our facilities' credo is, "Make our products better, faster, cheaper and greener than anyone else."

Our Geneva facility has implemented several programs that have dramatically reduced our impact on the environment. Our goal is to eliminate our carbon footprint further and to completely offset our CO2 emissions and be 100% carbon neutral by the end of 2011. Our progress has not gone unnoticed. In 2009 we won "Business of the Year" from the regional Chamber of Commerce, and most recently, we were recognized for our long-term commitment in sustainability within the Greater Rochester Area. To date, we have reduced our CO2 emissions by more than 10%, which is impressive, but our most exciting environmental news is yet to come. We are in the process of implementing the largest private industrial sustainability initiative in the nation.

BIR: That really is news. Tell us more, and please explain what you mean by sustainability.

RK: We are installing wind turbines to generate enough clean, efficient energy not only to power most of our energy, but also to donate a portion of the excess energy produced to our local community. The reaction from salons and everyone with whom we share our plans has been incredible. Stylists can't believe we are installing a windmill to power our plant. Sustainability in this context means creating energy from a sustainable source, such as wind or sun, which will never deplete and has no impact to the environment. That's versus generating energy from fossil fuel consumption, which is a finite resource that

creates CO2 emissions and contributes to global warming.

BIR: How did you come up with the idea of installing a windmill to generate your energy?

RK: We have been focused on the environment for years. One of the taglines that

is often mentioned around our company is, "healthy hair, healthy planet." We looked at several options, including solar energy, and determined that wind energy was



Zotos' wind turbines generate clean, efficient energy.

the best approach. Interestingly, our plant is located in an area with less than average sunlight but a great deal of wind. Our Geneva team worked closely with experts and determined that wind-generated energy was the safest and most efficient means to cleanly power our plant. We have also implemented several other programs.

BIR: Tell us more.

RK: We started with basic things like installing timers and more energy-efficient bulbs on our lights and by simply making people more aware of the impact they can have on our planet. Easy activities created a huge environmental movement in our company. Before we knew it, many employees caught the environmental bug. Windows were insulated, recycling participation increased and then our team started to think bigger. Our Geneva leadership team decided to take on material reduction in our packaging and freight reduction in our procurement and distribution chains. We reduced our bottle weight by 10%. We then implemented a new blow molding technology that maximizes the addition of Post Consumer Recycled material (PCR), while simultaneously enhancing the aesthetics and integrity of the bottle. What does that mean? For example, our **Joico** bottle now contains as much as 70% PCR. For the first time, you no longer have to choose between an eco-friendly bottle and a beautifully designed, high quality

bottle. This project alone reduced our use of virgin raw materials by more than 150 metric tons annually. We also implemented a program to make the production of our cartons and folding boxes out of 100% recycled paperboard. As a result, many of our cartons and folding boxes are now made out of 100% recycled paperboard with more to come.

We also recognized that traditional freight transport poses a detrimental impact on the environment. To minimize the impact of our transport of products to and from the plant, we cultivated a local supplier base, refurbished an old rail spur to reduce our utilization of trucks and gas consumption and we expanded our manufacturing competencies to enable more in-sourced production and eliminate shipments from turn-key suppliers. Those activities enabled us to reduce our annual fuel consumption by 45,000 gallons of gas annually.

BIR: Zotos is really making an impact on the environment.

RK: We are committed to further improvements, but proud of our accomplishments. At Zotos, we are creating a brighter and more efficient work place for both the environment and our employees. This eco-conscious philosophy is not only the way we work, but an integral part of who we are.

BIR: Do you have suggestions for companies that want to have a positive impact on the environment, but are not sure where to start?

RK: Employees want to see their companies do more for the environment. Consumers are demanding a higher level of eco-consciousness from brands. Start anywhere, even on the simplest activity. Once you raise the level of employee awareness and participation, the movement will grow. At that point, you will be ready to promote the development and application of new technologies that do not burden the environment.

BIR: I am really impressed with your progress on environmental activities. Are there any other keys to Zotos' success?

RK: Absolutely! Our focus on innovation and launching new products is also critical to our success. We began approaching the identification, creation, development and launch of new products in a different manner several years ago. Our formula of focusing on stylists and delivering new innovative products and services that empower them to create beauty is a winning strategy. Most importantly,

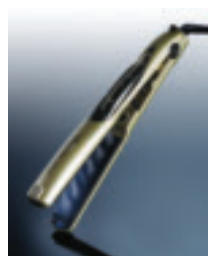
“Our facilities’ credo is, ‘Make our products better, faster, cheaper and greener than anyone else.’”

we bring those products to life through our amazing network of educators who train and upgrade stylists’ skills.

BIR: Our readers have also seen successful product launches in the Joico, ISO, Vero Kpak color, Quantum and Bain de Terre brands—what’s new?

RK: We have so many new products and innovative ideas to share.

Our new **KPAK Reconstruct Vapor Iron (Kpak iron)** launched in March and immediately sold



Zotos' new Vapor Iron reconstructs the hair as it styles.

out. The reaction was unprecedented. This iron is a revolutionary innovation. Steam irons are designed to be used with water. The new Kpak iron is used with our **Vapor Fuel**, a specialized formula that contains our quadramine complex, so it penetrates and reconstructs your hair while you flat iron/style. The No. 1 complaint from consumers and stylists on traditional flat irons is the damage they can do to the hair. Our iron is designed to actually improve hair quality.

Illuminate, a new demi permanent color line, is an extension of our successful **i-color** permanent hair color brand. Stylists appreciate its shine, wearability and predictability, but they also love applying **Illuminate** because of its

terrific vanilla fragrance.

Diamond Shine was launched in late 2009 and was one of the most successful launches in our Core Brands division and at our largest customer, **Sally Beauty**. **Diamond Shine** delivers the highly desired end benefit combination of improved shine and increased hair strength. Each product in this hair care line contains a potent blend of real diamond micro-particles, keratin and panthenol and delivers two times more shine and strength. Due to its overwhelming success, the **Diamond Shine** range was expanded into a body care line, which launched in March 2010.

Hairtrition, launched in early 2010, debunks the myth that if you eat right and exercise, your hair will also be in great shape. With a blend of nourishing ingredients, like raspberry extract, moringa protein and soybean extract, **Hairtrition** delivers the nutrients hair requires. It reduces breakage by up to 63% and protects color up to 66% longer. Its unique package places a “Nutrition Facts” label right on the front of the bottle.

Hair Rescue, launched in May, is a line of intense treatments designed to “save your hair’s life,” whether you suffer from serious split ends, severe breakage or extremely weak, fragile hair. Innovative formulas and conveniently packaged kits ensure that just one use delivers amazing results.

Age Beautiful, launching in the third quarter of 2010, is a comprehensive launch into two categories (care and color) with one new Masterbrand. Both **Age Beautiful** color and care are proven to fight all five signs of aging hair with youth-restoring ingredients, like keratin peptide, melanin, phyto-collagen, quinoa protein and açai oil. The 28-shade, permanent liqui-crème color line goes way beyond gray coverage to deliver instantly fuller, thicker, more manageable and visibly more radiant hair. The care line has sulfate-free formulations that protect color vibrancy up to 50% longer.

BIR: Is there anything else you want to share?

RK: We at Zotos realize that the last few years have been very difficult for many salons and stylists. Do not be discouraged. We are in a terrific industry with more beautiful days ahead. We thank you for your support and greatly appreciate the impact you have on making people look and feel better.

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