

John Paro, CEO of Hallstar about his key to success



John Paro,
CEO of Hallstar

EURO COSMETICS: *Hallstar is well-known for its expertise in ester chemistry, photostability science, functional naturals and more. Can you tell us a little more about this?*

John Paro: Hallstar's origin was largely based in ester chemistry, especially as it related to flexibilizing various polymer substrates to achieve specific performance characteristics. Think of products like electrical tape or car dashboards. Ester chemistry is also very helpful in areas of emolliency, when you're trying to make skin more flexible and elastic. You're using different esters, but the basic ester chemistry linkages are the same. And Hallstar's chemists are working increasingly hard on making ester chemistry out of natural ingredients for things like skin and hair products. The photostability science of our business came from the recognition that, in sun protection or photoprotection, the different filters required to protect us from both the burning and the cancer-causing rays of the sun were different chemistries, but that those chemistries in combination with one another often caused mutual destabilization, and thus very quickly lost their ability to protect us from the sun's most damaging UVA wavelengths. Hallstar's photostability chemistry is now used worldwide to help protect certain systems that use various UVA and UVB filters in the same formulas. Again, as time went on, we recognized consumers' increasing desire for more natural products. But we didn't want to just squeeze something out of a seed or a fruit, and assume that it did the job. We wanted to provide natural chemistry that truly had highly functional attributes which is why we call the naturals

side of our business "functional naturals." It's one thing to put aloe or jojoba or avocado or any number of natural oils into your products. But how do they work together? And why is one better than the other? That's what we're striving to do at Hallstar: to be the best ester chemists, to be leaders in photostability science, and to be innovators in the natural space in a way that has more real science behind it. We don't want to just simply post "natural" on the label, as though that automatically makes it "good."

EURO COSMETICS: *What do your customers especially appreciate about their cooperation with you?*

John Paro: We do our best when customers are trying to make an improvement in their product, or have a particular issue they're

trying to solve. We do that by going in with chemistry expertise rather than a list of products. We call it "chemistry vs. chemicals." We're able to listen very carefully and give them a solution that's perhaps unique to them. It's almost like mass customization. Very large companies have a hard time doing this type of collaboration in the markets we work in, and smaller companies might not have the depth of chemistry knowledge. When we have an opportunity to collaborate, we tend to have happy customers who want to work with us for a very long period of time.

EURO COSMETICS: *Please explain the key to your decades of success.*

John Paro: I think it's our chemistry, and our focus on those pieces of the business where we can make a real difference. We

don't try to be everything to everybody. But I also think it has to do with the Hallstar culture and our reward system. We communicate broadly to our teams about what we're trying to do, when we succeed and when we don't, and what it takes to be successful. We're very, very happy with the positioning of our products and people, and our opportunities for growth right now around the world.

EURO COSMETICS: *What do you do in order to capture trends and consumers' needs on the market in a timely fashion?*

John Paro: Our presence in multiple locations around the world, the speed with which we can develop customized solutions, and our focus on the areas where we have deep expertise – all of these practices help us stay on top of consumer trends. For example, there's no doubt that our consumers are increasingly interested in natural and sustainable types of chemistry. And different regions of the world want different kinds of natural ingredients and product results. So it's important for us to have technical centers in different parts of the globe. We're very proud of the fact that, even though we're a North America-headquartered company, we have large technical groups in Europe, South America and Asia. Those groups are very close to their customers, and know what customers in their regions want. And by sticking with our strengths, we can turn around new, useful products in a relatively fast manner—probably faster than a bigger company would be able to do.

EURO COSMETICS: *How do you handle the topic of sustainability at your company?*

John Paro: “Sustainable” is a lot different than “recyclable” or even “natural.” There's nothing more naturally-occurring in the world than crude oil, but crude oil isn't necessarily something that's sustainable because it takes millions of years to form. Using a natural oil that's great on skin but requires the destruction of a South American rainforest is not particularly sustainable. And you have to consider all of those things relative to your commercialization of new products. What is the raw material

source, where is it coming from? Are the local farmers benefitting from the opportunity or not? Consumers increasingly desire that type of transparency from us, particularly large consumers with significant outside pressure related to sustainability. They have a strong interest in responsible sourcing and ingredient traceability. We welcome their questions on these topics, because they are very important to us, too.

EURO COSMETICS: *You took over Oléos, a supplier operation for bioactive effective ingredients in France. What advantages does this offer your company? What was decisive for you about this acquisition?*

John Paro: We bought Oléos for a lot of the same reasons we've already talked about. Our chemistries tend to be emollients and emulsifiers in the personal care industry, but we wanted to get into the actives business. There are hundreds of personal care actives out there, but there are very few that come completely out of natural, sustainable, or bioactive ingredients. Oléos' unique, patented methodology cryogenically grinds up various fruits and flowers and then, through microwave and ultrasound, extracts those unique and helpful actives into an oil-based serum without using maceration or residual solvents. It gives us the opportunity to work with fine skincare actives that come from completely natural sources, but do not require harsh chemical techniques. This methodology is fascinating, and not just for what it can do in France, but also in other parts of the world that are very proud of their regional flowers and plants. The idea of plant-related remedies has been popular all over Asia for thousands of years. There are infinite possibilities for using the Oléos methodology, depending on where we are.

EURO COSMETICS: *To what extent is the French location of significance for you?*

John Paro: Given France's dominant influence on the personal care industry, the French location was definitely important to us. And the region around Montpellier, in particular, has a very highly-educated, talented, young population who want to provide naturally-occurring ingredients

and solvent-free actives into the marketplace. They're very proud of the work they do; they know they're on the verge of some very exciting things. Our Oléos team has already been to the United States and to our locations in Asia, and they'll be visiting our locations in South America as well. There's a lot of intra-company learning going on.

EURO COSMETICS: *Where will you expand your market presence in the future?*

John Paro: We have tremendous opportunities in emerging markets, where our market share is a lot lower than it is in North America. That's why we have locations, laboratories and operations capabilities in Asia and South America. We'll continue to come out with new and interesting ingredients we haven't even thought up yet, plus we have opportunities in areas in the world where we still have room to expand. By concentrating on chemistry vs. chemicals, I think our innovation pipeline will continue to grow.

EURO COSMETICS: *The motto “Faith, family, Hallstar” is part of your corporate philosophy. What thoughts are behind this?*

John Paro: “Faith, family, Hallstar” is a comment I made in several employee award speeches years ago, and it seemed to resonate with our people. It ties directly to our “passion for people,” one of Hallstar's core values. We recognize that people have a number of priorities in their lives. Work is one of them, and our people place it high on their list because they are very energized by what they do. But personal relationships and personal journeys are also very important. We want people to have balance in their lives, and we want them to reflect the “faith, family, Hallstar” philosophy in their interactions with colleagues and customers. It is not prescriptive, and is certainly not projecting any particular faith, belief or tradition. It recognizes that we're part of global communities. So that was really the thinking behind it.

EURO COSMETICS: *Thank you for the conversation.* ■