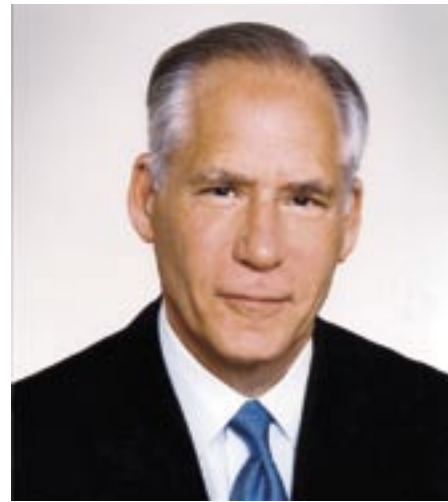


PROFILE

J. GARY SHANSBY:

The Oracle of Branding



Gary Shansby (BA 1959) is not a quick sell. When he walks into a grocery store, he looks and lingers, considers the many products on display with inescapable curiosity and a preternatural vision that sees right through the packaging to the product, its value prospect, marketing strategy and even the management team behind it.

"I've always been fascinated by advertising, positioning and branding," says Shansby, the chairman and managing director of TSG Consumer Products, an astoundingly successful consumer brand-building firm based in San Francisco. "To this day, every time I go into a store I look at where the dairy section is placed, what brands get positioned at eye level, which products use elegant packaging and which take a plainer, 'ethical-drug' approach."

This enduring fascination led Shansby to concentrate on marketing at the UW Business School, then go to work for Colgate-Palmolive. Young, smart, aggressive and totally committed, he rapidly ascended to the ambitious organization's upper echelons, before joining American Home Products to lead its over-the-counter drugs division, then to manage diversification and acquisitions at the newly formed Clorox Company.

After more than a decade in the industry, Shansby began feeling confined by the ponderous bureaucracy of large corporations. He decided to try consulting. As a senior partner with Booz, Allen & Hamilton, Shansby helped develop the firm's practice in strategic planning and marketing strategy. "I got great exposure to foods and beverages and personal care products and other brands I had not worked with in the past," he recalls. "But while I could see what they could and should do, as a consultant all I could do was make recommendations."

So when a small, struggling company called Shaklee approached Shansby in 1975, he was unusually—maybe unwisely—receptive. Shaklee was the direct marketer of a haphazard line of consumer products, an organizational and fiscal mess. While Shansby was not keen on a quixotic detour from his impeccable career, Shaklee's founders were persistent. Finally, he listed a diva's demands to shake his pursuers:

astronomical bonuses, bargain stock options vesting immediately, command of all domestic operations and a guarantee that he'd be next in line for CEO. "It was so ludicrous," Shansby admits, "that no one in his right mind would accept it."

Except they did. Shansby went to work, Shaklee started clicking, and a few months later, he was unceremoniously appointed CEO. He cleaned up the operations, distilled the meandering product line to a functional family of nutritional and personal care products, and turned a little family business into a Fortune 500 company with annual sales in excess of \$500 million.

But after 11 years as chairman and CEO of Shaklee, Shansby decided it was time to start his own company. His idea was to borrow from the best of venture capital and leveraged buyout firms to create something unique: a private equity firm that would work with existing management teams to revitalize underperforming consumer brands.

Business was good from the get-go. Shansby's first project was the amateur-but-addictive Famous Amos Chocolate Chip Cookie Company, bought for \$3.1 million and sold for \$61 million three years later. "Not all of our investments are that good," he quips.

The vast majority are pretty good. Since its founding, TSG Consumer Products, as the firm is now called, has taken on 56 companies, including Terra

By Ed Kromer

Chips, La Victoria Salsas, Met-Rx Nutrition, Spic and Span and Voss Norwegian Water, posting an internal rate of return to strategic investors in excess of 60 percent annually for 19 years.

"There's no one-size-fits-all," Shansby explains. "Some of our acquisitions, like Famous Amos, were complete turn-arounds. And others were good companies run by capable entrepreneurs that just needed liquidity and the strength of our network to build the brand."

What makes a Shansby brand? His firm is highly selective, considering 1,000 potential deals each year before choosing two or three to work with. "Sometimes the decisions come from the pit of your stomach," Shansby says. "You don't really learn these businesses unless you've been immersed in them for 15, 20, 30 years. And after a while, if you've got your eyes and ears open, you recognize potential, and know how to capitalize."

Case in point: the Mauna Loa Macadamia Nut Company, which Shansby's firm bought in 2000 for nearly \$25 million, despite its near-fatal dysfunction. But Shansby saw more than nuts. Interviews with consumers worldwide confirmed his intuition. When asked what Mauna Loa meant, he recalls, "almost to a person they said it meant Hawaii. When we probed deeper, they smiled and said, 'blue sky, warm water, good times.'"

Now he had something to work with. After streamlining distribution and operations, simplifying the product line and honing in on its essence, Mauna Loa became, for an increasing number of consumers, the very embodiment of the islands, "a piece of

paradise." After little more than three years in TSG's hands, Hershey Corporation acquired Mauna Loa for \$130 million.

"Every business, every brand has some value," Shansby says. "It's a matter of understanding what that value is."

Consumer product giants like Procter & Gamble, Nabisco and Nestle know the value of Shansby's protégé brands, and they're all too happy to buy them on the upswing. "Big companies can't develop businesses anymore," he explains. "And if they're not buying, they're not growing. It's perfect for us."

"We don't try to do everything, we stick with what we know," he adds. "Focus means doing more of what you do best."

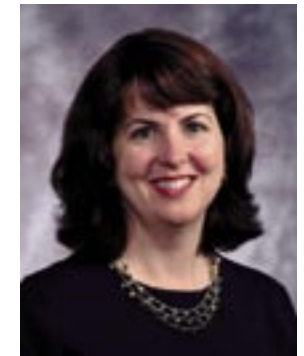
Shansby follows this principle outside the office, too. He is no dabbler. His active philanthropy is targeted on cancer research and education at all levels. His "country place" is a 360-acre working ranch and vineyard in Sonoma. And his long-time interest in American landscape art led to unlikely friendships with Ansel Adams and Georgia O'Keefe in the twilight of their lives. "I'm fascinated by these incredibly creative people, and they couldn't be more different from me," he says.

Shansby's mind creates in a different way. And it's far from finished. "I work today not so much for economic gain as I work for the sport of it," he says. "I work to see these brands really rejuvenated." ■

The Business School has honored Gary Shansby with its 2005 Alumni Leadership Award.

Get to Know the New Dean

By Maureen Crawford,
Alumni Relations Manager



How well do you know Dean James Jiambalvo?

Did you realize that he grew up in Chicago? Or that between undergraduate studies at the University of Illinois and graduate studies at Ohio State, he began his career with Haskins & Sells (Now Deloitte & Touche)? Would you have guessed that he is an avid tennis player and novice golfer? Have you been wondering what plans he has in store for the Business School?

You can learn much more about Dean Jiambalvo and his vision for the Business School at the Business Alumni Reception with the Dean, December 1, 2005, 6-8 p.m. at the University of Washington Club. Dean Jiambalvo will speak about his plans for the Business School, followed by an opportunity ask him whatever is on your mind. This event will also be a great opportunity to network with fellow Business School alumni, faculty and staff.

Registration is required, and space is limited. So please register early. For more information or to register, call 206-543-0540 or visit www.UWalum.com.