

## Revolutionizing Green Cosmetics in Sri Lanka: How NBC Envisions To Be A Leading Cosmetics Manufacturer in the Country

Nalaka Gunawardena

*Nature's Beauty Creations Ltd*

**1. Could you give a brief introduction about yourself?**

I am Nalaka Gunawardana, and I am a physical science graduate of the University of Peradeniya. I did my Masters in the same university in Analytical Chemistry. After I completed my first degree, I joined Multichemi International, and my task was to develop a cosmetic range for the organization, which I completed successfully. Within a year, we were able to launch more than 20 products, under the Nature's Secret brand, to the market in the year 2001. Then I shifted my career into general management, and I followed my MBA at the University of Colombo to enhance my understanding in general management. This is my first job, and I have been working with the Multichemi Group for more than 21 years.

**2. Could you please introduce us to the company, how it came into existence and the products and services that NBC offers?**

Nature's Beauty Creations Ltd (NBC) is under the Multichemi group, and the Multichemi group was established in 1993. It was a small entity at that time, with an investment of Rs.1.2 million capital and started with just 12 employees. The turning point of NBC was in 2008, where we split NBC from Multichemi International as a separate entity and shifted to Millewa. Initially, we had 8 acres of land with an ultra-modern, top-notch factory to manufacture cosmetics. Cosmetics are a subset of personal care, and there are many branches under cosmetics. We are not into every segment, like color cosmetics (e.g.: hair dyes, lipsticks), as its production is environmentally hazardous. We engaged in soap production very recently, not more than 5-6 years ago, and I believe that this was our second turning point, because it gave us more presence in the market. We also have a baby care range, which is well accepted by the local and the

foreign markets.

**3. As veterans in the cosmetics industry, NBC has a diverse range of products. What challenges do you face maintaining this and what aspects do you consider when manufacturing a new product?**

The cosmetic market is always evolving and is very volatile in nature, as some products available today may not be there after a couple of months. We always try to incorporate natural ingredients as much as possible into our products. There are simply two terms involving cosmetic raw materials: chemicals and ingredients. Chemicals may be used to give quick results which gives a very adverse effect to the user later on, as an example bleaching materials which are used in whitening products. In our products, we never use such chemicals as a company policy. If we draw a line between ingredients and chemicals, we always lean only towards the cosmetic ingredients. The raw materials that we use in our products are often derived from natural sources. As an example, we use surfactants to create foam which are derived from coconut oil, palm oil and other natural oils. We always try to incorporate more natural ingredients or its derivatives in our products and this is one of our main concerns when developing a product. Quality is our utmost priority till the product reaches the user. Other factors looked into are, the market volatility, customer perception about the product, and analysis of the customer needs. The Sri Lankan and the Indian markets are very similar, but Sri Lankan customers are more quality conscious than Indians, according to my understanding. Most of the cosmetics imported from foreign countries are not resisted by the National Medicines Regulatory Authority (NMRA) which is the government authority which gives registrations for cosmetics. All the products

we manufacture are registered under the NMRA and the products we export are registered in respective countries under their guidelines. In our premises, we have a number of laboratories, some laboratories are directly associated with quality assurance and product development, while others are used to conduct research on plant materials to be incorporated in products. Sometimes our findings on plant materials may not be applicable for our own product development. In such a situation, we share the knowledge gained from those findings with relevant parties who might benefit from that knowledge.

**4. Amongst the large range of products available, what are most in-demand locally and in the foreign market? NBC exports to over 20 countries. Are export products region specific? Which country has the largest market?**

We manufacture over two hundred odd products. In the local market, considering just cosmetics excluding soaps, the most popular products are facial washes and baby products, like creams and shampoos, and these products have a good market share. Taking facial washes as an example, the same product in the local market is sent to the other countries, as well. This is because the product complies with European standards, and as shown on the label, all the regulatory requirements are fulfilled. Allergens are also mentioned on the label, even if present in very minute concentrations, as this helps customers with allergies to avoid usage. Almost all the products that are sent to other countries are the same products distributed locally, as we do not discriminate between the local market and the foreign market, and this is one of our policies. In some countries, we do not have our brand rights, and unfortunately, the biggest market for us is the USA, where we don't have brand rights, and third-party labeling is done. Third-party labeling is when we manufacture the product and export, but it is sold under a different brand.

**5. NBC products are not animal tested. Is animal testing a requirement in the cosmetic manufacturing industry? What are the standard certifications that need to be adhered to when**

**catering to the local and global market, in terms of safety and efficacy?**

Animal testing is now banned by the European Union's Cosmetics Regulation, but we have not conducted any animal testing since we started, back in 2001. The entire cosmetic and personal care manufacturing sector came into an agreement in 1980 to avoid animal testing, and gradually regulatory authorities also supported that. In 2013, the European Union's Cosmetics Regulation completely banned conducting animal testing because alternative tests can be done. Some also known as in vitro tests, use bacteria, isolated cells, cell cultures, or tissues. Another approach involves the use of computational methods (mathematical and computer models) to predict adverse effects. However, if the need arises to check for toxicity, when alternatives cannot be used, then there is a chance for animal testing to be allowed. Some countries, like China, still have animal testing as a requirement, and it differs from country to country according to their regulations. NBC does not conduct any animal testing, and we test our products from the USA, especially baby products, where pediatric and dermatologist testing is done. Even if the testing is expensive, we conduct them as they are very sensitive products. All raw materials NBC uses are approved by the EU, and we usually bring down raw materials from Europe, USA and Canada, as we mostly try to source the raw material from its origin. Considering almond oil, it is mostly made in America or Canada, and we directly source from the manufacturer and not from a third party because it gives better stability and efficacy to the product. Since we send our products to Europe, there are some specific regulatory requirements that need to be met.

Since we export on a large scale as the nation needs more foreign earnings, we also follow EU regulations on cosmetics. We use EU approved raw materials according to the recommended percentages. We also have ISO 9001:2015, ISO 14001:2015 and ISO 22716:2007 Cosmetics Good Manufacturing Practices. ISO 19001:2015 (process)

All our products are registered under the National Medical Regulatory Authorities (NMRA) and if

SLS standards are needed for some products, we look into that as well. The exported products are all registered in their respective countries, under their regulations accordingly.

**6. The vision of the organization is to be the most eco-friendly cosmetics manufacturer in the world. What measures have been implemented to ensure that the process of manufacturing the product and the product itself are environmentally friendly?**

To measure the environmental impact, we consider the carbon footprint of the product. When manufacturing a product, it generates greenhouse gases like carbon dioxide and methane, and this contributes to the greenhouse effect. Carbon footprint is the total amount of carbon dioxide equivalent emitted to the environment during the entire process, from utilizing raw materials to distributing the final product to the end user. Considering the production of paper, the total amount of greenhouse gases emitted, from the cutting down of the tree to converting it into paper and transporting it to the end user, is the carbon footprint of that paper. That is the simple explanation of the carbon footprint of a paper. Similarly, we are concerned about the carbon footprint of our products. As an example, we have a product that contains 96% pure aloe vera, which is extracted from the natural aloe plant, more natural means less carbon footprint. We directly extract the gel from the plant, and convert it into the product. This immensely reduces the carbon footprint of the product. Since we use plant materials that are grown in the country, transportation distances are minimal and therefore the carbon footprint of products is reduced further. We always look at the bigger picture and try to contribute to decreasing the carbon footprint of our products, as manufacturers, and give an environmentally friendly product to the customer.

**7. Nature's Beauty Creations own a 13 acre land where over 800 species of medicinal plants are grown. Does the company plan on expanding its ayurvedic product line? What is the demand like for ayurvedic products in comparison to**

**synthetic alternatives?**

We have a precious garden, where over 800 plants are grown, and have more than 100 aquatic plants. Additionally, more than two acres of land is dedicated to aquatic life and plants. Actually, we have more than 800 plants, and some aren't validated yet, and many of them are very rare. Our medicinal garden is only second to one medicinal garden in the country, which belongs to the government. It is rich in biodiversity. We lean more towards herbal cosmetics, rather than Ayurveda, where we focus more on traditional knowledge and try to incorporate the validated knowledge into our products. We use our laboratories to conduct research and always try to extract information from traditional knowledge. Herbal cosmetics is a trendy market with good growth, as customers prefer using natural ingredients, so we try to fulfill those needs, and this trend is also seen in the foreign market. We always show our ingredient list in an orderly manner, with the highly concentrated ingredients at the top, so you can easily find out what the product consists of. The trend is towards herbal cosmetics, yet synthetic products are also available in the market from competitors. Most of the time customers are confused with the synthetic products due to wrong communication from advertisements and promotions.

**8. NBC is an organization that goes beyond its objectives of being a profit-oriented organization and plays an important role in contributing to the country's development. What kind of Corporate Social Responsibility movements are being implemented by NBC?**

Since we are a herbal cosmetics manufacturing organization, we use a lot of herbal materials. We always try to support our local farmers, scattered all over the country. And even if they are far from us, we still consider them and give them a good opportunity and good price for their products. Considering CSR, it is a vast area. In simple terms, you can't utilize the resources that you have to secure for the next generations and to do so we must consider the economic factor, environmental factor, and the social factor, which are in harmony,

without compromising each other. These three factors are known as the triple bottom line. So, the balance of the three factors is very important, and that is how sustainable industries exist. In Nature's Beauty Creations, we are always committed to balance these three factors which is a difficult task. If we are not sustainable in the economic factor, our existence is doubtful, and so there are no resources for the environment or society. Therefore, our main focus is to balance the three factors, without compromising as much as possible. Everyone living in this world are our stakeholders, not just the employees or customers, and they are linked to us somehow, and this is how we always think.

**9. The prevailing pandemic situation has brought forth a lot of change globally, over the past one and half years. How has NBC handled the COVID-19 pandemic? What kind of changes have you noted among your customers and how have you adapted to them?**

Firstly, I would like to mention that during this pandemic we were closed down only for two to three days. All our employees reported to work since we manufacture some essential products and they willingly attend to work. This is due to the culture that we inculcate in our employees. No covid patient clusters were formed within our staff in the factory, only some individual covid cases were recorded. Our staff members follow the set of values and ethics at our organization and that is why we survived up to now and didn't feel much of an effect from this pandemic to our production, sales, and other functions of the organization. There were some hiccups, but I think we managed well compared to other organizations. Considering the customer behavior, due to the lockdowns imposed, customer behavior changed and we adapted to different approaches. We not only manufacture cosmetics, but we also produce personal care products like soap and sanitizers, and these markets prospered, as everyone widely uses them during the pandemic. We entered the market in a big way with sanitizers, and even medical devices like ECG gels, ultrasound gels were manufactured as there was a scarcity for these in the market. Overall, there wasn't much of a big

increment in growth, but we still managed, with fewer difficulties in the pandemic.

**10. Now people are adapting to the "New Normal". What are the strategies and ambitions in terms of sustainability of the organization within the industry for the next few years?**

As I mentioned before, this market is very volatile, and it is difficult to predict what the customer needs in the future. But during this pandemic, human behavior changed and since we are into different products as well, we didn't face many difficulties. In the future also, we will be monitoring the market, and since we are a very flexible organization, at any given time, we can shift to a different area of production. If tomorrow we need to produce a different product, our team is capable of adapting to it. The period of time taken to change and adapt is very short, and if the customer needs a particular product and the demand for that is increasing, we are ready to take that challenge and do the needful to fulfill the market needs. And this is how we are supposed to behave in these situations, as no one can predict what will happen in the next few months, so we have to be flexible and fit into whatever situation the market creates.

**11. Could you brief us on the significance of Research and Development at Nature's Beauty Creations Ltd.?**

We do a lot of research and developments, and we have a very good research facility with good equipment. We are a diversifying organization, and we do research for other organizations under the same Multichemi group, as well. And recently, we started a research project to form a biofertilizer, of a different format. Usually, compost has less than 1% of nitrogen, but we are trying to form a new product with around 5% of nitrogen, and we are doing a lot of research regarding this. And we have a different entity where we manufacture biofertilizers, not in compost form, but as a liquid with microorganisms, called biofilms, and we are the biggest manufacturer supplying this to the government as a fertilizer replacement. And these aren't brought on the screen, as they are not related to cosmetics. We have a separate lab facility in the

NBC premises to do non-cosmetic related research as well, where university students also can do their research.

**12. What kind of career opportunities would the R&D sector present to Chemistry graduates?**

Most chemistry graduates like to do research and development, but there are also so many avenues that you can go with and if we change our track there may be a lot of opportunities. Sometimes when we see someone with potential in another particular area, we shift them towards that; let's say supply chain or production sectors. I don't believe that just because you obtain a degree in chemistry, you have to apply just that knowledge. A degree will give you some confidence, but not everything else, is what I think. Like how our organization is flexible, all graduates should take up challenges and be able to change their minds according to situations and should always focus on their careers. After graduating with a chemistry degree, you can be a process-controlled chemist, lab-quality control chemist, or you can even work under finance. As an example, we had a finance controller, who was a chemistry graduate and a chartered accountant. We also had supply chain managers, who were chemistry graduates. So likewise, don't find an opportunity where your degree fits in, but find an opportunity where you can fit in! Always think about the environment and your career progression. There are a lot of opportunities for chemistry graduates to work here, and I also believe that chemistry graduates should not always be chemists. You should analyze yourself and challenge yourself, and that is how you can have better progress.

**13. You have been a part of NBC for over 20 years, as well as a veteran in the cosmetic industry. What do you think makes NBC unique compared to other cosmetic companies?**

I believe there are three main pillars regarding this. Quality, genuineness, and trust by the customer.

These are the three factors that we have as plus points. Considering the quality, before the product goes to the end user or the final customer we have supplier-customer relationship in every transaction of the process. As an example, the lab could be the supplier and production is the customer in one stage of the process to ensure the above factors, and this relationship continues till the end user or the final customer gives a feedback. We have a unique way of customer complaint handling and that is a part of the entire process. In every aspect, we cover these three factors: quality, genuineness, and trust with our stakeholders. We never compromise our quality, genuineness and trust and that is why we are here today.

**14. What is the standpoint of the cosmetic industry in Sri Lanka and what part does it play as a source of revenue and economic stability in the country?**

The cosmetic industry is one of the most fast-growing industries, both locally and globally, and we use cosmetics daily. The trend has reduced due to the covid situation, but it will be stabilized probably in a couple of months, I suppose. Since this is a very promising and fast-growing market, it can generate a lot of revenue for the country. If we block cosmetic imports completely, we will be able to increase the local production and there is an opportunity for the local entrepreneurs to put up new factories and increase the production according to the demand. If the country can produce more, that means we can save foreign exchange more, and it will boost the economy of the country. Moreover, if we consider the exports, which will also bring the foreign exchange, it would be great to penetrate the global market since there is a favorable growth in the herbal cosmetics market in foreign countries.

**Interviewed by: Ayesha Hettige (Level 3 GIC student)**

*Mr. Nalaka Gunawardana obtained his BSc from the University of Peradeniya, followed by a MSc in Analytical Chemistry and received his MBA from the University of Colombo. Mr. Gunawardana currently serves as the General Manager of Nature's Beauty Creations Ltd. (NBC) having served at Multichemi International for more than 20 years.*