

CASE STUDY

How Flavorchem Secured Substantial R&D Tax Credits

When your R&D tax credit advisor truly understands your business, the process becomes more strategic and effective.

Challenge

Like many innovative companies, Flavorchem, a flavor, fragrance, and ingredient manufacturer, had valuable R&D activities that qualified for significant tax credits. But CFO Jim Evanoff knew from experience that success in R&D tax credit projects depends heavily on two things: the right expertise and proper documentation.

“You don’t get a second chance to go through your deductions,” Evanoff explains. “You have to understand the rules well enough to capture every available credit, every single year.”

Having worked on R&D tax credit projects at previous companies, Evanoff understood a successful project often comes down to industry knowledge and documentation strategy. He needed a team that could navigate the complexities of current tax legislation while understanding the unique aspects of Flavorchem’s R&D work.

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“It’s just nice to have people with the experience and industry knowledge where you can say, ‘You’re the expert. Give me the headlines and I can move on to the rest of my job,’ knowing it’s in good hands.”

Jim Evanoff
CFO, Flavorchem



The challenge wasn’t just about claiming credits for past activities; it was about building a strategic approach that would position Flavorchem to capture maximum benefits going forward.

Overview

Flavorchem specializes in the creation and manufacturing of flavor, fragrance, and ingredient solutions. Established in 1971, they are a privately held business partnering with brands well recognized throughout the world. Flavorchem strives to provide customers with the highest-quality products, superior service, and innovative solutions.

Services

- ◆ R&D Tax Credit Study

Solution

When Senior Manager Ariane Woods moved to Sensiba, Evanoff didn't hesitate to follow. Their working relationship, which spanned over a dozen years, had taught him the value of continuity and deep industry expertise.

Seamless Coordination

Evanoff's trust in Woods and Sensiba's responsiveness paid off from the beginning. From the initial statement of work through project completion, Sensiba made the process straightforward. They provided clear pricing, realistic timelines, and detailed communication about requirements, all tailored to Flavorchem's needs. Evanoff said he was confident Sensiba would handle the project's myriad details and documentation.

Sensiba set up collaboration tools to streamline communication and document sharing so both teams and Flavorchem's tax advisors had the information they needed in a timely fashion.

"I'll take any time I can get back," Evanoff said. "Sensiba listened to how fast we needed the results, and they kept the ball rolling so we stayed on track. They were responsive and responsible at every turn, without me having to be in the middle of everything."

Industry Expertise That Matters

Having someone who understood the industry made all the difference. Woods brought an engineering background and years of experience with similar companies, which meant she could spot opportunities a generalist might miss.

"There's an element where knowledge of the industry helps you look at activities from every angle to see how to get the best outcome," Evanoff explains. "For her, it's a short learning curve in my industry because she's been in it for a while."

Result

Flavorchem achieved what every company hopes for in an R&D tax credit study: confidence they had captured every available credit while building a foundation for future success.

As well as its project management and coordination skills, Evanoff praised Sensiba's understanding of the tax code and its knowledge of the latest provisions.

"By working with Sensiba, I don't have to get my technical abilities into the weeds with the latest legislation," he said.

"They're prepared to do that and to give me the advice I need. All I have to do is show up with my receipts, and they make it easy. And having somebody who knows your industry is going to give you better results."

With the R&D tax credit study complete, Evanoff said Flavorchem is confident it was able to maximize its credits. The company also came away with actionable plans for aligning its activities and documentation for future years to increase its credits as it grows.

Evanoff's experience highlights a crucial truth about R&D tax credits: the expertise and approach of your advisor can dramatically impact your results. As he puts it, "If you try to shop around for the lowest price, you're going to give up some of the benefit these projects are meant to deliver."

The most successful R&D tax credit engagements combine:

- ◆ Deep industry knowledge that helps identify opportunities others might miss
- ◆ Specialized expertise from professionals who focus on R&D credits, not generalists who handle them occasionally
- ◆ Strategic thinking about documentation and timing to optimize both current and future benefits
- ◆ Seamless coordination that doesn't burden your internal team with project management

"These credits pay for themselves," Evanoff says, "but you want the best team and the best firm that you can get to make sure you're getting everything you're entitled to."

About Sensiba

Our risk assurance professionals help you identify, analyze, and manage potential risks. We collaborate with you to enhance the value of your business with customized risk models and experienced support.

Our flexible and pragmatic approach addresses your concerns efficiently and cost-effectively with solutions tailored to your specific needs.