



CONTRACT PACKAGING ASSOCIATION

QUICK TIPS: CHOOSING A CONTRACT

PACKAGER **WHY** choose a contract packager:

When choosing a contract packager, you are developing a partnership. As such, a contract packaging partner must be able to complete your project at a competitive cost aligned with your time schedule with quality assurance. They may also solve common problems in start-up businesses, limited production facilities, concerns about equipment investments, physical facilities, personnel training and more.

Here are some reasons why you may want to consider selecting a contract packager:

- There is no available in-house equipment or expertise for a particular job
- There's an alternative use viewed as a higher priority for the in-house equipment
- A series of geographically separated facilities could serve the product better for national distribution
- New packaging forms unfamiliar to your staff and equipment are being considered
- Your actual or projected product volume under or over employs your own manufacturing lines, either short or long term
- There's a short run for a new product market test, gift pack or seasonal appeal, which may require your company to invest in new equipment
- Promoting your product with non-standard packaging or promotional inserts requiring special machinery or labor intensive work is specified
- The pressure of new business or deadlines creates a heavy, short term workload for which you require experienced help to supplement the efforts of in-house staff
- A product may more economically be shipped in bulk to a distant market, then unit packed locally
- There's a specific, short-term requirement that may be better served by specific experience or equipment you don't have
- Operations problems such as your plant closing for maintenance or your being faced with a labor availability problem cause you to consider alternative options
- There's a warehouse full of a product that needs re-working to make it saleable
- There's a new package form that is to be market tested before general introduction
- There's a corporate downsizing in personnel, facilities or both
- The company is faced with a high investment to meet regulatory and environmental requirements

However, there may be times when it may be premature to talk to a contract packager.

For example, when:

- The need is unclear or at least not clearly stated
- The problem can be more effectively and efficiently addressed using other methods
- You think the contract packager can salvage a project that you suspect is no longer salvageable
- The company is not organizationally or financially prepared to implement the contract packager's suggestions



CHOOSING a contract packager:

When choosing a contract packaging service, you should use a wide range of selection criteria. And, depending on the personality of you and your company and the nature of the project on which the contract packager will be working, place more or less emphasis on each of those criteria.

Here are several considerations:

Location. Convenient location relative to your manufacturing and distribution facilities can save delivery time and lower freight charges, possibly impacting the total cost of your project. But keep in mind that the savings achieved by using the most qualified contract packager can easily outweigh most freight considerations.

Experience. You're paying for expert packaging skills, so make sure the contract packagers you consider are equipped to deliver the service your needs demand. Look for companies that have serviced other clients with similar product lines and packaging needs.

Strong Ethics. There simply is no substitute. If you don't have complete confidence in the honesty and integrity of the contract packager you work with, then the service and information that contract packager offers is of little or no value. Ask yourself some questions - Does this company have high standards? Is their facility clean and orderly? What sort of production and quality controls are in place? Can they show you training records? Are they willing to let your staff periodically monitor progress on-site?

Cost. You get what you pay for. Both low and high quotes should be thoroughly studied, analyzed, and considered in relation to service that you expect to receive.

Good Communication. The contract packager must know what your situation is before offering options. Beware of candidates who don't listen to what you have to say. Brilliant thoughts and innovative solutions will do you no good if the contract packager doesn't have the communication skills he or she needs to pass those ideas on to you.

Controls. Be sure you see eye-to-eye on detailed paperwork or control requirements and that the company is set up to put the proper procedures in place. Make sure the contract packager you hire has the analytical skills needed to help you develop a full and accurate picture of problems, solutions, and the various repercussions of those solutions.

Financial Strength. Does the contract packager have the financial strength you need?

Personality. A good match of personalities between the client and the contract packager's key staff helps ensure a successful relationship. If a contract packager's company representative has a demeanor that doesn't suggest that he or she has what it takes to get the job done, he or she probably won't.



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CHOOSING a contract packager:

High Standards. A good contract packager should be constantly striving to serve you better. Even if a contract packager fits all of your requirements, do not use any vendor if you do not feel comfortable or confident that they can get your job done successfully.

Size. Is the company large enough or small enough to handle your project? Does the company have enough experienced personnel? A staff capable of solving problems and implementing solutions is very important. Successful contract packaging relies on good management and manufacturing practices.

Quality. Look for signs of innovation, unique approaches, and a different perspective. Ask about whether the contract packager has a quality program in place and discuss their production controls.

Full-time Attention. Make sure your work is not an afterthought. To ensure your project gets the attention it deserves, hire a professional contract packager.

Strong references. Ask for a list of other clients.

Conflicts? Does the contract packager offer a proprietary line, which might compete with your product line?

HOW to hire a contract packager:

Contract packagers can offer expert, cost-efficient, practical solutions to help you initiate, organize, streamline or improve your packaging or packaging operations.

The secret is finding a contract packager who can offer the specialized services you need.

Here is a step-by-step guide:

1. Determine, as closely as possible, the nature and scope of the problem to be addressed, and the specific problem or task that you would like the contract packager to work on.
2. Consult this website to find professional contract packagers with the specific expertise you need.
3. Identify contract packagers with the expertise you require. Conduct a preliminary assessment of each of the most promising and appropriate candidates.
4. If you have questions about a candidate's background, call and ask questions. The key staff at a professional contract packaging service will be happy and proud to discuss the company's qualifications to solve your problems, the staff's professional experience, offer references, and supply any information needed to help you make your decision.
5. Interview by phone or in person the most promising candidates to verify that their experience matches your needs.



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6. Find out if the candidate is an active, professional contract packager. Be sure to ask any question that might have a bearing on a contract packager's qualifications. What types of projects has the company worked on in the past? How long has the company been in operation? How big is the company? What size company does the contract packager most frequently work with? How are fees typically determined? How many of the contract packager's accounts are repeat business? Is it a member of and active in the Contract Packaging Association?
7. Meet the key staff. Make sure you are introduced to the quality control and operations people. The managerial and supervisory staff should have extensive experience in your industry with an understanding of your markets and a strong engineering background. The contract packager also should have training records for inspection by a prospective customer for the asking.
8. Visit the facility to check out the housekeeping. A contract packager should be agreeable to letting you view the premises unless it would violate a confidentiality agreement.
9. Once you have finished the interviewing process, request project proposals from the contract packagers whom you are seriously considering hiring. Make sure the final proposal(s) contain well defined "Scope of Work," "Services to be Provided," and "Description of Fees/Fee Schedule" sections.
10. Consider what is not in the proposals as well as what is: production rates, number of shifts, penalties for order changes or cancellation, storage for raw materials and finished product, and so forth.
11. Resist the temptation to base your decision on price alone. A contract packager should ultimately act as an extension of your business. Often, what appears at first to be a more expensive contract packaging service will more than make up for the difference in the fees, which saves you more money and solves your specific problems more efficiently.
12. After you've fine-tuned details and reached an agreement on the contract packager's proposal (particularly the "Scope of Work" section), sign a contract and/or issue an appropriate purchase order.
13. Provide input, support and on-going interest to the contract packager throughout the project. Bear in mind that you may be asking the contract packager to become familiar overnight with the knowledge of systems, technology and product quirks your company has had years to develop and work through.
14. Be open to suggestions. Contract packagers are innovative, versatile and accustomed to efficiently working within narrow time frames. From experience, they often can suggest minor modifications that will save your company time and money.
15. Be sure the contract packager knows and your organization understands that the contract packager is working for an executive within your company with sufficient authority to ensure that the contract packager has the full cooperation of everyone involved with the project.

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