How To Select A Contract Packager

Tips, Tricks and Tactics for Locating, Sourcing and Selecting a Contract Packager!

Special Report!

Packaging.com

SPECIAL REPORT!

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Before we begin selecting a contract packager we need to define some terms and concepts.

What is a Contract Packager?

A contract packager…

…is a company or organization that provides packaging services, facilities, and equipment. The packaging services can range from the simple to the complex; for example, a packager may be asked to label a box or to X-ray jars for contaminates.

…acts as an extension of your own company. Their quality and inventory control procedures operate at the standards and specification you specify when you enlist their services.

You can define your company's…

- Quality Standards
- Volume Expectations
- Shipping Deadlines
- Necessary Reports
- Required Meetings

…is a service organization. They provide the labor, equipment, location, and knowledge to create or assemble the very best package for your company's product.

…is a specialist. Some contract packagers specialize in particular packaging services such as liquid filling, shrink wrapping, or blister sealing. Also, some specialize in serving particular industries such as pharmaceutical, food, or chemical.

Why Outsource Your Packaging Needs?

Outsourcing is more than just an easy way to cut costs. It is a strategic tool that gives businesses flexibility and access to skilled personnel.

By outsourcing your packaging needs you can potentially…

- Reduce Costs
- Boost Revenue
- Have Access to Expertise
- Have Access to Specialty Machinery
- Focus on Core Business
- Decrease Time-to-Market

- Maximize Resources
- Have Greater Flexibility
- Avoid Labor Shortages
- Relocate Freight Lanes

When Should You Outsource Your Packaging Needs?

According to the Contract Packaging Association, you should talk to a contract packager when…

- Your packaging volume under or over employs your own packaging lines, either short or long term.
- There's a specific, short-term requirement that may be better served by specific packaging experience or equipment you don't have.
- There's a short run for a new product test, gift pack and so forth which may otherwise require the investment in new equipment.
- Promoting your product with increasingly popular marketing weapons of nonstandard packaging or promotional inserts requires special machinery or labor intensive work.
- 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.
- New packaging forms unfamiliar to your staff and equipment may be specified.
- There is no available in-house equipment or expertise for a particular job.
- The plant is closing for maintenance or faced with a labor availability problem.
- There's a warehouse full of a product that needs reworking to make it salable.
- A new package form is to be market tested before general introduction.
- The company is faced with a high investment to meet regulatory and environmental compliance.

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

- 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.

If you have determined that you need the services of a contract packager you will now need to define your specific packaging needs so you can communicate them to a potential service provider.

What Are Your Specific Packaging Needs?

Before you select, contact or even begin looking for a contract packager you should clearly define your packaging objectives.

- What is it that you need outsourced?
- What is the scope of your project?
- What services do you need?
- How many units do you need?
- When do you need them?
- Which region of the country would best suit your packaging needs?

These questions and more need to be answered before you begin the selection process.

Defining the Project

- How many units do you need produced?
- When would the project start?
- What does it need to ship?
- Who provides which component? (Who provides the cartons, films, labels, bottles, and etcetera?)
- How many finished units go into a carton, tray, or display?
- Do you have physical samples or drawings to provide to potential contract packaging partners?
- What are the physical sizes of your items?
- What is your budget?
- What is your quality expectation?

Defining Your Values

What values are the most important to you when selecting a contract packager?

- Price?
- Quality?
- Flexibility?
- Value?
- Speed?
- Efficiency?
- Customer Service?
- Location?
- Trust?

Defining Your Expectations

What special services or requirements do you need from your contract packager?

- Documentation
- Customer Service
- Reporting
- Physical Inventories
- Warehousing
- Direct Shipping
- Quality Standards
- Flexibility
- Process Controls

And now, the SPECIAL REPORT!

How to Select a Contract Packager

The following steps are a proven way to select a qualified contract packager for your company:

Step 1: Locate Contract Packagers
Step 2: The Telephone Survey
Step 3: Written Vendor Survey
Step 4: On-Site Visit and Audit
Step 5: Final Evaluation

Let's go into detail about each step in detail…

Step 1: Locate Contract Packagers

Pre-qualify potential contract packagers by considering the following:

- Location
- Referrals
- Experience
- Equipment
- Cost
- Good Communication
- Controls
- Financial Strength

- Personality
- Standards
- Size
- Quality
- Years in Business
- Full-Time Staffing
- Conflict of Interests
- Strong Ethics

In other words, if your project has components that are manufactured in Dallas, Texas and your end customer is in Houston, Texas, it may not make sense to contact packagers in New York, California, or Florida. Also, if you have a high volume project, you might consider a company with a large warehouse and automated equipment over a company with little floor space and manual equipment.

After you have a clear understanding of what qualifications your contract packager should possess, you can begin to collect a list of contract packagers.

To find contract packagers that meet your requirements, you can utilize the following resources…

The Internet

Search for "packaging services", "contract packaging", "contract packagers", or "contract packaging services" instead of "packaging" which is too broad of a search term.

Better still would be to search for specific keyword phrases that include the service you require or location you desire (i.e. "shrink wrapping in Memphis").

Trade Association

The Contract Packaging Association was formed in July of 1992 for contract packaging firms and those businesses related to them. Its objectives comprise programs to: establish strong ethical standards among contract packagers and their clients; increase knowledge and expertise within the contract packaging industry; and encourage the effective use of contract packager services.

Contract Packaging Association
1601 Bond Street, Suite 101
Naperville, IL 60563 USA
1-630-544-5053
http://www.ContractPackaging.org

Trade Journals

Food and Beverage Packaging is a trade journal serving the food and beverage packaging industry.

Food & Beverage Packaging
http://www.fdp.com

Packaging Digest is a trade journal serving the needs of the contract packaging industry.

Packaging Digest
http://www.packagingdigest.com

Packaging World is circulated monthly to over 90,000 readers across North America. They cover a broad range of packaging ideas and applications to help packagers find useful information and solutions to help their operations.

Packaging World
http://www.packagingworld.com

Trade Shows

PMMI is the leading sponsor and producer of trade shows for the packaging industry. They host the national and international PACK EXPO trade shows.

Packaging Machinery Manufacturers Institute
http://www.packexpo.com

Canon Communications is a publisher and trade show producer serving the medical device, pharmaceutical, nutraceutical, packaging, and other advanced technology markets. The company's premier marketplace events and information forums include WestPack, EastPack, SouthPack and MidPak.

Canon Communications, LLC
http://www.canontradeshows.com

Yellow Pages

Consult your local Yellow Pages if you need a local contract packager. Most advertisers in the local Yellow Pages cater to small businesses and start-up operations. The larger contract packagers usually advertise in the industrial or corporate publications such as the Thomas Register or trade journals mentioned above.

Manufacturing Directories

The Thomas Register is the most comprehensive resource for finding companies, machinery and products manufactured in North America. Their directory can be found on the internet.

Thomas Register
http://www.thomasregister.com

Referrals

A referral from someone you trust is always a great place to start.

Step 2: The Telephone Survey

The next step in the selection process is to call the packagers on your list so you can qualify or disqualify them based on the following…

- Location of Facility
- Size of Facility
- Hours of Operation
- Similar Projects or Similar Past Experiences
- Similar Existing Customers or Projects
- Turnkey Opportunities Available
- Inventory Control Systems
- Degree of Automation
- Hold Special Licenses or Certificates
- Years in Operation
- Core Specialty or Core Businesses
- Top 5 Clients

Depending on the size of your project and company, you should be down to no fewer than three company names and no more than ten.

You should request literature, brochures, and equipment lists from all those that qualify. In turn, you should send out samples of your product, request a quotation, and send out a Written Vendor Survey (if necessary).

Step 3: Written Vendor Survey

In addition to the questions asked during the Telephone Survey, you may require written verification of the following…

- ISO, GMP, AIB Status and Documentation
- Organization Chart
- Mission Statement
- Safety Record
- Proof of Insurance
- Financial Statement

Filter out those that do not qualify and move on to the next step.

Step 4: On-Site Visit and Audit

Next, if required, you may want to schedule a plant tour, meet key members of the staff, and audit their facility.

Questions to ask yourself include…

- Is the facility clean and well organized?
- Is there adequate staffing?
- Are there adequate procedures and systems in place to meet the expectations of your company?
- Are the procedures documented and can the staff clearly explain them?

Look for…

- Letters of Recognition or Customer Testimonials
- Awards from Customers
- Production Samples on Display

Filter out those that do not qualify and move on to the next step.

Step 5: Final Evaluation

It's time to select your contract packager! In this step, you should evaluate the information you gathered from the previous steps.

You may want to review the following…

- Quality Standards
- Production Capacity
- Project Pricing
- Customer Lists

- Equipments Lists
- Customer Referrals
- Management Team
- Industry Associations

Once you have a company or two in mind, ask yourself, "Is this company all that they claim to be?" After all, you and your company's reputation is at stake since your contract packager will be the last hands that touch your product before it is shipped out to your distribution center or your customer's warehouse.

After you award your contract to your contract packager of choice, contact the other packagers you were considering and review with them the reasons they weren't selected.

In Closing

We hope that you found this **Special Report** both informative and helpful. If you have any questions or comments, be sure to contact us at **Packaging.com**!

About Aaron Thomas Company

The Aaron Thomas Company has been providing contract packaging services in Southern California since 1973, in Memphis, Tennessee since 1988 and Chicago since 2005. We are a non-union, equal opportunity employer.

The company's management staff has worked together, in some cases since 1968, with the majority of management having from 10 to 30 years of service with the company. Training of line supervision, quality assurance staff, and corporate management is an on-going process.

See us online at **Packaging.com**!

Strategically Located To Ensure Expedited Shipments

Our 207,000 square foot facility in Southern California is easily accessed by major freeways, ports, and two international airports. Our 150,000 square foot facility in Bolingbrook, IL is in the hub of manufacturing. And our 240,000 square foot facility in Memphis, Tennessee is within a day's drive of two-thirds of the U.S. population.

Contract Packaging Services Include…

Shrink Wrapping, Stand-Up Pouching, Print-Registered Bundle Wrapping, Auto-Bagging, Overwrapping, Display Assembly, Liquid Filling, Clamshell and Blister Assembly, and Drop Sealing.

We Made The Investments… So You Don't Have To

More than any other service area in which your company may be involved, packaging and distribution are unique and capital-intensive line items. At the Aaron Thomas Company, we constantly invest in versatile automated packaging equipment and highly trained personnel so your project gets completed quickly and accurately no matter how tight the schedule.

Corporate Headquarters

Garden Grove is located in Orange County, California, the hub of Southern California. Garden Grove is easily accessible via two major international airports, two ports, major freeways, and railways. Southern California is home to many national and international businesses and has developed extensive warehousing and distribution capabilities.

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For more information, a brochure, or to receive an estimate for your packaging project, please call the number above or visit our website.