

Contract PackagingConsumer Goods manufacturers and distributors, for several decades now, have been significant buyers of contract packaging and manufacturing services. This cost effective solution for right sizing their manufacturing and marketing businesses continues to be robust into today's economy. Every indication and survey indicates this trend will continue at significant levels across the United States.

A recent survey indicated that eighty-four percent (84%) of responding from the cosmetic & personal care industry either use or plan to use contract packaging and/or manufacturer during the upcoming twelve months, or do so at this time. This large percentage of outsourcing represents an even greater of contracted business activity than a previous survey taken, but this could be a sign of the improving economic conditions within the United States and/or the fact that projects are now "on again" vs. being on hold or pending approval.

Many of the first contract packaging service firms provided simple, quick, and easy solutions to excess filling capacity needs. Excess capacity then included specialty packaging for seasonal and holiday promotional packs, blister card packaging, and simple rework or labor intensive projects that made more sense to contract out than involve internal labor with. Off-line projects included everything for inspection sorting non-compliant components, to placement of brushes into nail color caps, or packing out of pre-pack product displays. Holiday packaging were always an entrepreneurial Super Bowl bonanza of projects involving gift sets, specialty products, rework, and pre-pack assortment packs. Volumes were great, projects were many, scheduled delivery dates were always measured in hours rather than days, sometimes in just minutes.

Location, relationships, and flexibility seemed to drive the new industry's development and growth in the 1960's and 70's. The never say no attitude of successful contract service providers paid huge dividends to their entrepreneurial owners who took this attitude and opportunity to the extreme. Yes, there has been a falling out, of the lesser developed firms, and the industry has certainly changed over the last forty years.

Today the consumers good manufacturer continues in much the same manner as they always have. Many contract manufacturers specialize in one segment of the packaging industry or another, while marketing orientated distribution firms continued to take their packaging materials to a new art form. But after all these years the flexibility, location and relationship specific contract packager remains a mainstay of many consumer goods manufacturers and distributors. The contract packager and manufacturer of today can purchase their own compounded bulk, packaging materials, and fill or package the product. This is the added flexibility and resources the contract packager can provide as a value added service to basic packaging services.

The strong contract manufacturer or packager of today understands and works the need of their client; they set service standards and publish them. Contract packagers and manufacturers have made significant capital investments into all manner of packaging equipment, staff, facilities, and information technology. These firms have done their homework; they have listened and learned what the marketplace requires in the way of information. They track their goals, as they understand that clients rate their performance and abilities. Outstanding contract packagers and manufacturers build upon their reputation, expanding their influence, while understanding that they are not indispensable service providers unless they can provide year over year improvement in delivered cost.

To accomplish their goals packaging sales representatives conduct "Show & Tell" meetings specifically planned and effectively targeted to what their current and new

customers might need. A comparison of what they might be receiving today, from another source, is compared to what their company can and does offer today helps to bridge any gaps in building new relationships and profit centers. As packaging equipment continues to evolve into faster and faster product delivery systems, of ever changing formats, the head's up packaging service entrepreneur always has something new to talk about with both buyers of services or product development and marketing teams. Just as cosmetic company marketing teams try to develop interest in something you don't have, but think you want. The contract manufacturer and packaging firm sales entrepreneur does the same with his risk capital into new equipment and packaging technology.

Today's software and hardware technology can transform almost any lap top computer and video projection unit into a hands-on facility tour or equipment capability presentation. We find it very interesting watching our clients as we present simple digital video presentations of "What we stand for" "Who we are" and "How we do it." We keep it simple, to the point, and have them wanting for more. If our clients want to see the production line we can take the video, transfer the images to a DVD, and Fed-Ex the entire start to end process to them for viewing the next business day. Digital photographs showing packages, good or bad are a mouse click away. Images of non-conforming components, loads that have shifted during transportation are no longer days from viewing, but minutes. The age finger pointing or non communicated desired results can easily be eliminated.

Sustaining the momentum of continual improvement is not always easy, but many do understand the principle of "the great ones understand their weaknesses." Measurement of your own progress by external measurement rather than internal measurement is the only way to compare your rivals. Where the principle of learning new technology is not important the company is simply lowering itself to lesser performance levels. We have seen this occur over and over again. It has been said, "If organizations employees are not learning from the top down and the bottom up the organization is slowly sinking." We learned this simple process while filling nail color containers. For many years we saw bottles being filled on simple 2-headed vacuum fillers in what was then called short order rooms or in the main plant on rotary fillers. Then in the 1970 the in-line, multi-head fillers came along and took the piece per minute rates from the low 40ppm to the 80ppm or more ranges. In the 1980's we were able to take part in the emergence of the mono-block filler. This new filler that took the labor involved with the 2-head vacuum filler or rotary filler and replace that with a three person team filling 50ppm. No longer were mixing balls inserted with a home made loading device, no longer were the brushes pre-inserted into the cap and started by hand. No longer did the label have to be manually applied.

The principle of continual improvement is true at all contract packaging providers. But while many firms preach a good game, then they cut corners and their best team members tend to leave. Employees watch the way managers manage and what owners do, if the leadership lacks authenticity the employees soon abandon the firm. Good contract packagers know that leadership is not a solo act. At the really great organizations staff performs at optimum levels, all while today's contract service provider is a flatter, leaner management structure.

Today's contract services entrepreneur also understands that his past successes don't cut future deals and that the customer's needs, opportunities, and order volumes can change quickly. These salesmen and entrepreneurial owners understand that project budgets are tight and that by working backwards they may show and demonstrate how their service will fit the need and budget goal. The twenty-first century contract service provider

never say's no; everything is negotiable, nothing is impossible, and works any deadlock into a respectful compromise. A win/win solution better than either the customer or seller would have imagined.

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Thomas Bacon is the President & Founder of Aaron Thomas Company, Inc. (www.packaging.com) A contract packaging service with 450,000 square feet of manufacturing and assembly facilities located in both Southern California and Memphis, Tennessee. Mr. Bacon started his career with Max Factor & Company in 1968 after returning home from 2-year military service that took him to Viet-Nam. While at Max Factor he worked in the manufacturing department, Quality Control, and became their first Vendor Quality Coordinator with leadership responsibilities for both in-coming component inspection and in-process field contract manufacturing with an eight person QA inspection team.

Aaron Thomas Company was founded in 1973 in a small 20,000sf facility as the need for a local contract packaging service that understood the needs of Max Factor & Company grew. At the age of twenty-four, the VP of Manufacturing for Max Factor & Company, basically told the purchasing and packaging development departments to “give Tom a chance.” After several years of being a captive service provider to Max Factor the firm expanded services and clients and became one of the first significant service providers to Sol Price and the warehouse club industry.

Today Aaron Thomas Company provides much more than simple manual assembly line and rework services. With several million dollars worth of packaging equipment, and years of experience, the company continues to be a major service provider to a variety of consumer product manufacturers. On any given day you might find several high speed shrink wrapping lines producing facial tissue multi-packs, bagging lines automatically loading salty chip bags into retail sacks, or trays of soft drinks being over wrapped with plain or printed polyethylene bundling film, you could find shrink bands being applied to personal care bottles, nail care or bottles being filled, stand-up and regular pouches being filled on FFS equipment. You could see trading cards or coupons being over wrapped on fin-seal wrappers, DVD cassette cases being loaded and wrapped with polypropylene “OPP” film, and once in a while even a gift set or display being assembled.

Tom Bacon can be reached at 800 394-4776 or by email at tbacon@packaging.com