



OREGON
DEPARTMENT OF
AGRICULTURE



Expert Article

SELECTING AND WORKING WITH CO-PACKERS

When choosing and working with a co-packer or co-manufacturer, we want the company we choose to take the same care with our products that we would. What methods and techniques can you use to select and work with co-packers that will help you achieve the best results?



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To answer this question, we will review four main areas of focus:

- 01.** Why do I need a co-packer?
- 02.** How do I identify co-packers who can make my product?
- 03.** How do I determine which co-packer to work with?
- 04.** How do I make sure I'm getting what I expect from the co-packer?

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1. WHY DO I NEED A CO-PACKER?

There are many reasons a food company might need to outsource some of their production. It could be because they are out of capacity in their own facility, or because they do not have the equipment in-house to make a specific product. It could be that they want to expand distribution from the West Coast to the East Coast and having a co-packer on the East Coast will keep distribution costs down. Understanding the reasons why you want to outsource your production can help you develop a checklist of basic questions to ask yourself and potential co-packers as you start looking to identify a manufacturing partner. For example:

If you are out of capacity at your own facility and need a co-packer to make some of the SKUs that you currently make, some questions you might ask are:

- What product(s) do we want the co-packer to make?
- What volumes would we want to move to a co-packer? What volume would we want a co-packer to manage monthly, annually, by product or by SKU? Think both short term and long term with this question – sometimes it is good to find co-packers who can handle both your current volumes and potential future volumes.
- Where will the co-manufactured products be distributed? Is this important when choosing co-packer location?
- What kind of equipment would the co-packer need to have?
- What kind of quality and food safety certifications does the co-packer need? (Kosher, Organic, Non-GMO, etc.)

Depending on your situation, here are some other questions to consider:

- Will you require product development assistance?
- Are there any special product or ingredient concerns such as acidity, thermal process, refrigerated ingredients, or refrigerated product storage?
- Do you want the co-packer to purchase the raw materials, or do you just need someone to manufacture your products?
- Will you need storage for your raw materials and finished goods and for how long?
- Is co-packer location important for the convenience of being able to visit periodically?

Organize the answers to these questions in a one-page checklist you can use for talking points in the next step.

2. HOW DO I IDENTIFY CO-PACKERS WHO CAN MAKE MY PRODUCT?

Once you have a preliminary checklist of questions and answers, you can start looking for co-packers who match your needs. There are many excellent resources for finding co-packers.



RESOURCES FOR FINDING A CO-PACKER

ODA Co-Packer List

The Specialty Food Co-Packers Directory

Pick Your Own Co-Packer List

Other resources include:

- Universities with food science programs
- Equipment manufacturers (i.e. Tetrapak has a list of co-packers that use their Tetrapak equipment)

Go through the lists and choose companies that meet your criteria. Most of these lists have some basic information about what the co-packer produces, their location, and sometimes certifications and minimums. You should be able to make a list of several co-packers you can contact to get more information.

Start a spreadsheet or document where you can put some notes, and then start contacting companies from the list. Use the checklist you pulled together in Step 1 to ask about the co-packer capabilities. Some co-packers will want to set up meetings with you and some will just chat on the phone informally. It can take a week or two of calling to get to everyone.

CO-PACKER NAME	CONTACT INFO	LOCATION	CAN MAKE PRODUCT?	HAS CERTIFICATIONS WE NEED?
Jay's Bakery	Jay 111-111-1111	Portland, OR	x	x
Meli's Co-pack	Lora 333-333-2222	Denver, CO	no	x
NYC Baked Goods	Budd 222-444-4444	New York, NY	x	No organic

You will learn a lot about who you can work with from these calls, including about the customer service level of the co-packer. After your initial round of calls, you should have at least two or three companies that can meet your requirements and are interested in working with you.

3. HOW DO I DETERMINE WHICH CO-PACKER TO WORK WITH?

Once you have identified a two to three companies who can make your product, the next step is to choose the best fit for you and your products. Evaluating which co-packer to work with involves looking at multiple variables.

While it is not uncommon to establish a co-pack relationship using only verbal requirements and communication, we highly recommend putting your requirements in writing and ask for a written response from the co-packer. My experience is that putting requirements in writing gets the best results because it reduces any confusion or misconceptions that might occur through a purely verbal relationship. It also saves you time if you are talking to multiple co-packers. You can assemble your requirements into a single Request for Proposal (RFP) document and send it to each of the co-packers you are considering.

To help get an accurate quote and to assess the feasibility of a co-packer running your product, following are the key points you might include in your RFP.



REQUEST FOR PROPOSAL CHECKLISTS

INFORMATION YOU SHARE WITH THE CO-PACKERS

- ✓ Your company profile
- ✓ Your quality certification requirements (kosher, organic, etc.) and food safety requirements
- ✓ A list of ingredients and packaging by item and who will supply the item (you or the co-packer) and a monthly forecast of needs by item
- ✓ A list of finished products you want the co-packer to make and monthly forecast by item or SKU
- ✓ A processing flow -including the steps to make the product and any key control points
- ✓ Your receiving, shipping and storage requirements
- ✓ Invoice requirements
- ✓ Insurance requirements (it is not uncommon to require the co-packer to carry liability insurance and to name you on the policy)
- ✓ IT systems you use and requirements
- ✓ Key performance indicators (this can be negotiated with the co-packer, and it can be helpful to agree on a couple indicators, like waste % on runs)
- ✓ An appendix with photos and more detailed specifications of packaging and labeling



INFORMATION YOU ASK THE CO-PACKERS TO SEND YOU

In the RFP, it is also good to spell out exactly what information you would like to receive back from the co-packer after they review the RFP. Information you might ask for:

- ✓ The names and roles of the co-packer management team
- ✓ The proposed facility where the product would be run
- ✓ Client references
- ✓ The business and process capability of the co-packer to meet the requirements
- ✓ A list of any requirements that cannot be met and what is proposed instead
- ✓ The co-packer's technical capabilities (product development, engineering support, etc.)
- ✓ Copies of any quality or food safety certificates and audits and Insurance documentation
- ✓ The total proposed cost per unit plus any incidental fees (finished good testing, storage fees, etc.)
- ✓ Costs for pilot tests, production tests and R&D
- ✓ A high-level implementation plan and timeline to get to full production



It is also recommended that you and the potential co-packer sign a Two-Way Non-Disclosure Agreement prior to sending the RFP, to ensure company and product information is protected.

The written information augmented with verbal conversations can help you to quickly separate out the co-packer who will be the best fit for making your products. Once you have identified a candidate, it is highly recommended that you visit the site as well. A site visit can uncover issues and opportunities that might not have come up in the RFP or in phone conversations.

4. HOW DO I MAKE SURE I'M GETTING WHAT I EXPECT FROM THE CO-PACKER?

To have a well-functioning relationship, nurturing and attention is required. Co-manufacturing relationships are no different. If you hire a co-packer and then assume that everything will be taken care of, it is likely you will not get the expected results.

At the start of the relationship, plan to attend the pilot run and the first commercial run. Seeing how your product runs (or doesn't run) on someone else's line can be very informative. Keep in mind that this is the first time the co-packer is running your product, too and they may need your feedback and ideas if challenges come up during the initial runs.

Ask for data from each run. At a minimum, you should get a production report showing:

- material usage
- quality and food safety test results
- the amount of product produced

Plan a regular time to meet with your co-manufacturing contact to align around production schedule, material needs, and any issues that might be cropping up. A regular

monthly meeting can surface issues proactively that might otherwise remain hidden until production is affected.

Plan to visit your co-packer at least annually and have that visit coincide with a higher-level conversation about how things are going. This is a good time to review key performance indicators and discuss opportunities to make improvements.

YEAR 1: TYPICAL CO-PACKER MANAGEMENT ENGAGEMENT

- **Attend Pilot Run**
 - Assess and Adjust
- **Attend First Commercial Run**
 - Assess and Adjust
- **Schedule and Conduct Regular Communications with Co-Packer**
 - Review Production Schedule
 - Assess Material Needs
 - Discuss Any Issues
- **Visit Co-Packer Annually**
 - Review KPI Progress
 - Discuss Any Adjustments

At the end of the day, collaboration and regular communication are the keys to maintaining a good relationship with your co-packer and getting a product that meets your expectations made consistently.

“ The single biggest problem in communication is the illusion it has taken place.

—George Bernard Shaw



NW Food Solutions helps food and beverage companies safely, effectively, and successfully bring out the best in their business. With more than 50 years of food industry experience, NW Food Solutions equips companies to improve culture, maximize operational health, create systems for sustainable growth, and stimulate innovation.