



How to Find & Work with Co-Packers

Insourcing vs. Outsourcing:

- Do you want your primary business to be manufacturing or marketing?
- Where are your and your team's strengths?

Scaling up is almost never easy:

- 1 pound \neq 1,000 pounds
- table top manufacturing \neq continuous or large batch manufacturing

What is a co-packer?

- Contract packer or contract manufacturer
- A firm that produces finished or semi-finished goods to a brand's specifications

Two basic types:

- Dedicated (primary business is co-packing)
- Surplus (ancillary business is co-packing)

What problem(s) do co-packers solve?

- favorable cashflow management
- lack of in-house procurement, manufacturing, distribution expertise
- lack of capital for equipment investment
- rapid scale up
- certifications and compliance
- allowing the brand team to run lean
- process or product innovation assistance

When you don't need a co-packer:

- too early or unproven
 - you love to be a hands-on maker
 - you want to do this for decades
- or
- proprietary process innovation
 - manufacturing & procurement expertise
 - ready access to capital and qualified team

How to find a co-packer for your product(s):

- Capability > Proximity (but close is nice)
- Searching and sleuthing

- Private Label Manufacturer's Association

Co-Packing Agreements:

- Use an experienced attorney
- Language & terms matter A TON
- Expect 6 months+ for negotiation, signing, on-boarding, etc.

Important Considerations:

- Minimums
- Pricing
- Payment Terms
- Lead Times
- Storage
- Inventory Management
- Capacity
- References
- Equipment (Existing, Modified, etc.)
- Finished Goods vs. Tolling
- Additional Fees & Expenses
- Recall History
- Quality & Safety Programs + Lab Testing
- Protection of Proprietary Information
- Gotchas & Bait-n-Switch

Certifications, Licenses, and Insurance:

- GFSI / SQF / BRC
- General Liability, Umbrella Liability, Product Recall & Contamination, Workers' Compensation

Relationship Management:

- Aligned
- Accessible
- Responsive
- Collaborative
- Committed
- Learning & Improving Together