



Processing with a Co-Packer

"If you can work to ensure that the co-packer maintains the integrity and standards of your product and overall culture, then as a small business owner, you're free to focus more attention on your business rather than in it."

— Matt D'Amour,
Chief Wellness Carrier, Yumbutter

What Is a Co-Packer?

- A co-packer is a food manufacturing business that processes batches of product, or runs, for different companies, to the specifications of those companies, on a contract basis.
- Co-packers produce a range of products with different company labels; they are also sometimes called *private label manufacturers, contract packagers, or contract manufacturers*.
- Co-packers may offer a range of services: contract filling or packaging, ingredient sourcing, product development, manufacturing, product testing, labeling, and distribution.
- Co-packers vary widely; they have different production capacities, schedules, and equipment related to the products they already process.
- Co-packers may process their own product(s), while processing products for others on a contractual basis when the facility is not running at full capacity.
- A co-packer is an alternative to renting a licensed commercial shared kitchen or setting up and running your own facility.
- A co-packer is an established processing facility, has staff that specialize in various aspects of processing, and has equipment specialized for efficient processing.

What are the pros and cons of using a co-packer?

PROS:

- Reduced need for startup capital for equipment, facility, permits, and staff.
- Potential for decreased costs for ingredients or packaging due to economies of scale.
- Reduced startup time compared to establishing your own facility.
- Less time spent managing production operations.
- More time for focusing on brand identity efforts such as customer contacts and marketing your product.
- Shifts some of the burden of meeting myriad state, local, and federal food processing regulations (e.g., waste disposal, food safety, inspections, storage/handling, human resources).
- Possible improved access to product testing services.
- Possible improved access to suppliers and key contacts such as distributors.

CONS:

- Less direct involvement with production operations means you need good communication with the co-packer.
- May need to be flexible in terms of desired packaging, production schedule, or costs.
- Potential threat to proprietary information may require a confidentiality agreement.

How do I find a co-packer for my product?

- To begin your methodical search, first, do your homework to solidify your processing needs.
- Prepare solid numbers to understand what you can afford, what quantities you will process, and on what schedule.
- Gather specifics about your processing needs, such as equipment needed for handling, processing and packaging. Then, contact only the co-packers that are a good fit for those needs.
- Remember that first impressions matter; be ready to demonstrate that you are able to make scheduling and payment commitments.

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Find possible co-packers that fit your needs

- Explore companies processing similar products with similar methods, e.g. freezing vegetables. Possible resources:
 - Other entrepreneurs,
 - Relevant trade associations,
 - Food industry trade magazine ads,
 - State food or ag. marketing agencies,
 - University extension services,
 - NOP organic handler listings,
 - Listings online (see Resources, below right),
 - Labels from products similar to yours.
- Look first within your geographical area to minimize transportation costs.
- Consider size/minimum order; large-scale facilities operate at high speed/capacity so small orders are hard to accommodate.
- If a facility is not certified organic but meets other important criteria, inquire about their willingness to become certified; consider assisting with that process to reduce the burden on their resources.

Meet with multiple co-packers to assess fit

- Responsibilities and liabilities need to be discussed and decided before entering into an agreement, such as:
 - Will they show recent inspection reports?
 - Who procures the ingredients?
 - Is product development help available?
 - Can they help with getting a bar code?
 - Who will conduct product testing?
 - Can runs be on-demand or is a set schedule required?
 - How will quality control be ensured?
 - Is an allergen disclaimer needed?
 - Who will handle inventory and storage?
 - Who issues lot numbers?
 - Who is responsible for tracing & tracking?
 - Who holds the liability insurance?
 - Will they sign a confidentiality agreement?
 - Will they provide client references?
- Be flexible about your processing preferences—you may not get everything you want.
- Demand for co-packers is great, so devote time and energy to develop a good relationship with a potential co-packer.

Take precautions to protect your business

- Verify that the co-packer's processing licenses are accurate and current.
- Ensure that procedures for traceability and tracking are in place, as well as a recall plan.
- Confirm that quality assurance protocols such as HACCP are in place and are regularly validated.
- Research the background of a potential co-packer; ask for references from entrepreneurs they've worked with.
- Consider how your business will be affected in an outbreak, natural disaster, or closure.

Note: A contract is recommended, but not always used for smaller-scale co-packing agreements.

"A written presentation of expectations and responsibilities is valuable, but it doesn't take the place of a good relationship and may need to accommodate some flexibility to make collaborative processing succeed."

— Bob Wills,
Owner, Cedar Grove Cheese

RESOURCES

Bevnet Food & Beverage University
bevneffbu.com

Contract Packaging Association
contractpackaging.org

Contract Packaging Magazine
packworld.com

Food Industry Trade Magazines
foodprocessing.com
foodmanufacturing.com

Midwest Food Processors Association
mwfpa.org

National Organic Program Database
apps.ams.usda.gov/nop/
Listing of operations with organic certificates for handling, including products produced.

OPI Kitchen Facilities Listing
organicprocessinginstitute.org/kitchen-facilities

Pack Expo
packexpo.com

Specialty Food Association
specialtyfood.com