



# Co Pack or Self Production

Right Stuff Equipment



# Ask Yourself

- What are your strengths
  - Marketing, product development, finance vs. operations, engineering, HR, logistics
- How much money do you have
  - Your access to cash
  - DO NOT undercapitalize your business
- What human resources do you have
- Your knowledge of running a production facility



# Co-packers

- Pros
  - IP
    - Established SOP's
    - Manufacturing knowledge
  - Physical Assets
    - Established physical assets in place
    - Some Equipment in place
  - Human Resources
    - Established operation team
    - Established QA/QC team



# Co-packers

## – Capital

- Money is already invested in process saving you up front costs
- Multiple users dilute the capital asset investment

## – Speed to production



# Co-packers

- Cons
  - They control schedule
  - They control quality program
  - Ongoing fee structure



# Co-packers

- Considerations
  - Consider all aspects to the contract carefully
    - Understand who owns yield losses
    - Understand your rights to see process
    - Consider who purchases raw materials and film
    - Consider maturity of RM contracts
    - Understand their HAACP, GMP and GMP programs
    - Develop all of you salient specifications
    - Consider a Food Scientist to help you



# Co-packers

- Consider all aspects to the contract carefully
  - Inventory turns RM and FG
  - Product Obsolescence
  - Rework policy and procedure



# Production

- Pros
  - You are in control
    - Process
    - Quality
    - Production scheduling
    - Cost control
    - Yield management
    - SPC
    - Line balancing
    - Satisfaction





# Production

- Cons
  - Your time gets diluted
  - Things break
  - You need a maintenance source
  - You need much more capital for many needs
  - Much more to do to ‘Get to market’
  - You will need more money than you think
    - 2-3x



# Keys to your own production

- Find the right facility
  - Understand Utility requirements
    - Power
    - Air
  - Understand Sanitation
    - Walls
    - Drains
  - Understand Space
    - RM, WIP, FG
    - Ceiling heights
    - Production Space
    - Changing space



# Equipment Selection

- Get help
  - Know your business plan
  - Start with your projections
  - The devil is in the details for equipment selection
    - Know all of your products
    - Know all of your packaging
    - Know your business plan and volume projections
  - If you don't know, you can't ask the right questions
  - If you get it wrong, OEMs are not sympathetic



# General Equipment Considerations

- When sourcing the equipment, there are a number basic of considerations:
- New vs Used
- Used as is vs Used rebuilt
- Domestic vs Off shore
- Within each of these considerations the criteria to be examined include:
  - - Availability of parts and service
  - - Availability of redundant pieces
  - - Controls standardization and access
  - - Maintenance requirements
  - - Complexity of equipment
  - - Ease of changeover
  - - Equipment communication. Central control vs decentralized controls
  - - Ability to balance the line
  - - Initial investment cost vs total cost of ownership
  - - OEE of new vs used and associated down time costs



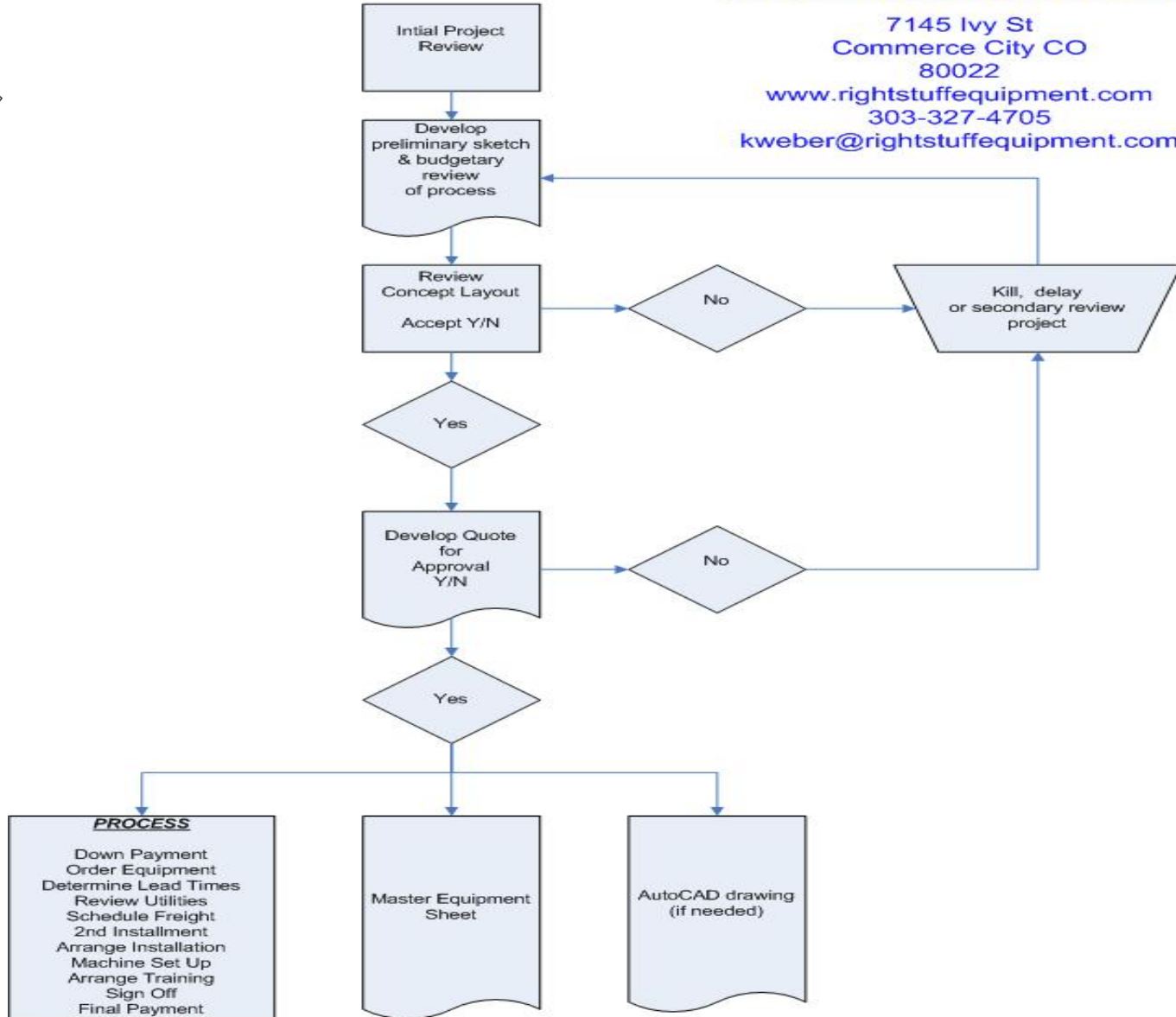
# Equipment

- New vs Used
  - Front end costs vs ongoing cost-TCO
  - OEE
  - Is it designed for your requirements
  - Maintenance
    - Do you have a go to company
  - Buy New if you can
  - Do FAT on New before they ship it
  - Used is typically sold ‘As is, where is’
  - Careful with Used electronics
  - Check Used before you buy it



## Right Stuff Equipment Project Review Process

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