



EUROPEAN CO-PACKERS HOLD THEIR FIRST CONFERENCE:
strengthening bonds in a key element of the packaging chain

Co-packers are an essential element in the brand producer's supply chain. As well as being day-to-day partners in ensuring that a regular flow of particular brands is maintained on the retail shelf, they are the solution for maintaining supplies of popular high-volume consumer goods, and making sure that seasonal offers are always in stock at the supermarket at the right time. The European Co-packers Association, ECPA, is a young organisation of dedicated, professionals working in this arena who recently held their first-ever conference and tabletop exhibition. It was an event that shed much light on this relatively-unsung aspect of the European packaging industry.

ECPA members convened in Brussels for a two-day conference on 8-9 October 2013. Proceedings were opened by conference moderator Rodney Steel, Chief Executive of the British Contract Manufacturers and Packers Association (BCMPA), UK, and himself an ex-contract packer. He thanked the event sponsors – Domino, FibreForm Packaging, Nulogy, and Smurfit Kappa – and went on to welcome ECPA President Jan Spiering, of co-packers and co-manufacturers Kompak Nederland (NL) to the platform to give an introduction to the association's scope and objectives.

Membership drive

In line with its code of professional conduct, within which member companies operate, said Jan Spiering, the association's board is today actively promoting members' services, and soliciting new members to further enhance its pan-European

coverage. ECPA is dedicated to creating, for brand owners in Europe, the definitive source of reference on expert co-packing companies. Bringing together the current membership at this inaugural conference had, said Mr Spiering, meant much hard work for the board – but it was an important step forward in building momentum.

Regional association reports

ECPA has established ties with existing overseas counterparts in North America and the UK, and both associations were then invited to give delegates an update on their activities. Rodney Steel returned to the platform to introduce the BCMPA – established as long ago as 2000, and now with around 125 member companies – all of which are accredited contract packers. Members are typically small companies with a turnover of £1-£5 million, and BCMPA provides them with professional support in a variety of ways – from a website that serves both members and brand owner clients to exhibitions and events – including the BCMPA-Contract Pack shows.

Jason Tham, co-founder and CEO of Nulogy Corporation (CAN), went on to profile the activities of the US-based Contract Packaging Association, founded as long ago as 1992, of which he is a board member. With 150 members, the association spans not only the USA but also Canada and Mexico, and provides a variety of member services – including an annual conference and online webinars. The association's official magazine, *Contract Packaging*, is complemented by a regular online newsletter; and in 2011 CPA also financed and published an in-depth market research report detailing segment growth, participant composition, key market drivers and the future growth of the contract packaging industry in the region.

Mr Tham underlined the validity of establishing an 'umbrella' global organisation for the industry – 'but,' he said, 'the world is the same single location, but it's different in many ways, so we also need local and regional associations.'

Conference keynote

'Everything you always wanted to know about co-packing (but were afraid to ask)' was the topic selected by Philippe Juhellé (FR) for his keynote address. The former head of third-party management at Reckitt Benckiser (among others), and now an expert consultant working with brand owners walked through the strategic and

tactical reasons why companies want, or need, to outsource critical elements of their primary process; how they select their partners; how they protect their brands; and how they see the future of co-packing. Creating a 'win-win' situation for brand owner and co-packer ('If something goes wrong, I am dead') is challenging and complex but very achievable – and co-packers, Mr Juhellé predicted, will in the future become an even more 'strategic key on the keyboard of operations for our customers'.

Coffee around the tabletop exhibition represented an opportunity for delegates to network before making their choice of the two parallel sessions – focussing on quality assurance and coding and printing -- that followed.

Quality assurance

For independent supply chain consultant Peter Steadman (CH), with a background in Unilever and Danone, quality assurance was the topic. He summarised his agenda as follows: 'If ingredient suppliers and co-packers do not understand the requirements of the contracting end user, how can they possibly meet the latter's expectations?' Particularly in the food sector, product safety concerns are a permanent risk for brands, so co-packers' quality assurance systems need to align closely to those of the client. Mr Steadman detailed the 21 common denominators in quality assurance that involve co-manufacturing and packing, which embrace legal and regulatory requirements as well as customer specifications.

For a co-packer, taking on a new customer will probably involve the implementation of new quality standards and specifications – so building them into the commercial case early on in contractual negotiations is important. He emphasised that 'the quality process is NOT the standard itself – it is a means to achieving it.' There is, he said, 'no silver bullet – but building a sound capability around your control of your processes – including compliance requirements – and doing so efficiently so you can communicate your approach to current and new customers' will unquestionably make life easier'. Mr Steadman posited that the quality assurance arena may be one where ECPA can take on a supporting role.

Coding and printing

Another key area for co-packers is the provision of effective and compliant on-pack variable information print – a topic on which global suppliers Domino are eminently qualified to speak. Peter van Riel, Managing Director of Domino Benelux, reminded delegates that ‘coding errors could have a big impact’. Compulsory coding in the primary and secondary packaging process needs to be supported by the co-packer by full traceability. Domino’s extensive product platform enables this, through product-to-pallet solutions using continuous and thermal/thermal transfer inkjet; print-and-apply options; automated coding; and the Domino QuickDesign design and print control software package for enterprise-wide management of primary, secondary and tertiary marking in automated packaging environments.

Succession planning in family-owned companies

Many co-packing companies are family businesses – and therefore may well need to face the challenge of generation change and succession planning. Professor Roberto Flören, (NL), who holds the Baker Tilly Berk Chair of Family Business and Business Transfer at Nyenrode Business University, is a leading authority – and brought his knowledge and experience to the ECPA audience. There are, he showed, five main options for transferring family business ownership: transfer within the family, either with management and ownership retained, or with retained ownership and non-family management; or full transfer to outsiders via a management buy-out, management buy-in, or sale to a strategic outsider. Whatever the case, it is a stressful activity, with business and family interests overlapping. ‘There are three main sources of conflict,’ Professor Flören explained. ‘There is role confusion, with family members trying to influence the business; role ambiguity, where a family member is not only a father or mother, but also a director; and the extensive conflict and confusion that a CEO family member can create.’

There is often a difference between the wishes and intentions of the generations – so open communication on the future of the family business is essential. Professor Flören explained that ‘succession is very often poorly planned – for many reasons.’ In fact, he showed, ‘when the time comes for change, in over 40% of cases, nothing has been done at all!’

Taking this as his starting point, Professor Flören set out a practical agenda for a director in a family business who is planning succession, identified the many personal doubts of the chosen successor, and provided a helpful list to enable them to become *successful* succession candidates.

European co-packing market report

After lunch, delegates heard that one of ECPA's initiatives in its early years has been to commission a qualitative survey of the European co-packing market – conducted for the association by Annalise Market Intelligence, The Netherlands. Practice Manager Wouter Sleyffers (NL) gave delegates a flavour of the resultant ECPA Co-packers Market Report, which is based on in-depth interviews with west European co-packers, corporate buyers, and suppliers of co-packing equipment. Mr Sleyffers indicated that the strategic focus for the industry's future for co-packers was on controlled autonomous growth and on certification issues. He highlighted the long chain of compliance involved in establishing a co-packing relationship with a brand-owning company, and suggested that a single industry certification – perhaps under the control of ECPA – could make life easier all round.

The bargaining power of brand-owner buyers is, Mr Sleyffers said, the main profitable business threat to co-packers – but, again, brand owners recognise the many benefits delivered by outsourcing to co-packers – including flexibility, market proximity, and rapid response.

Two more parallel sessions were next on the agenda: on software's role in contract packaging, and on retail- and shelf-ready packaging.

Software solutions for co-packers

Nulogy Corporation, Canada, is an innovative company focused on developing cloud-based software solutions for contract packagers and their customers. Its CEO – and CPA board member -- Jason Tham (CAN) outlined the enormous advances in cloud software for extended supply chains, showing how co-packers can deepen and broaden their services base to gain competitive advantage. The company's QCloud quality control software brings the QC process, from front office to shop floor, up to date, Mr Tham showed. Electronic form submission, real-time reporting and

monitoring, and custom-designed quality control forms are the key benefits – delivered via a user-friendly interface.

Retail- and shelf-ready packaging

Supplying products packaged to give better retail visibility and make handling and placement easier for the retailer are ways to ensure they get shelf space. Paul van de Weerd, Key Account Manager, Smurfit Kappa Benelux (NL) -- leading producers of paper-based packaging – showed how retail-ready packaging (RRP, including displays, pallet trays, merchandising units), shelf-ready packaging (SRP) and shopper-ready packaging (SRP) are today delivering a broad raft of advantages for everyone involved in the shopping experience. They are, he said, the main driver for ‘getting your products on and off the shelf as fast as possible’ at most of Europe’s major supermarket chains. For co-packers, the physical requirements (including strength) for box construction, the need to manually or automatically construct them, print and palletisation requirements may not be within their standard procedures – but Smurfit Kappa have prepared a number of practical guides specifically aimed to assist the co-packer in delivering just what the retailer wants.

When disaster strikes

The conference agenda moved on to a final plenary session, led by a shocking case history. Ruud van der Poel, Management Consultant and Insolvency Specialist with EMMS, (NL), gave his presentation a salutary title: ‘Discontinuity by Large Conflagration. It happened to Chemie-Pack, it can happen to you!’ The massive fire at that company’s premises, started by barrels of chemical substances stored on-site, was devastating, resulting in the company filing for bankruptcy. Mr van der Poel, who consulted for the company at the time, showed how even under these dire circumstances, as Chemie-Pack proved, it is possible to make a new start.

Round-table Q & A

The afternoon’s proceedings closed with a lively round-table discussion involving an expert panel of speakers and delegates across the value chain in debate on the topic of the future of co-packing. Moderator Rodney Steel encouraged suppliers and co-packers alike to share their thoughts, and opinions on the challenges and opportunities for the co-packing business; visions for 2020; and how ECPA can

help the industry to develop further. Subjects explored included defining the main requirements of a co-packer and the overarching need for common definitions of primary and secondary co-packing, co-making, and co-manufacturing. Increased margins, more customers, more investment, and autonomous growth were cited as the major focus for most co-packers – but, the question was raised, is this the package that will enable the businesses to survive in the medium-to-long term? The idea of creating an industry-specific ECPA certification as a standard quality and competence indicator for brand-owner customers was also posited. All in all, this first opportunity for ECPA members to meet and talk in conference resulted in a positive agenda for moving the industry forward.

The President appoints ambassadors

The conference's formal agenda was drawn to a close by ECMA President Jan Spiering, who thanked the moderator and the ECMA Secretariat for their excellent support, and finished by saying: 'I'd like to give everyone here the title of "Ambassador", so that we can all assume that role and increase our ECMA community.'

Community and conference: comments from the floor

The relaxed and positive atmosphere that permeated the event was applauded by speakers and delegates alike. Conference delegate Prabal Ray, Commercial Manager of international flexible packaging materials suppliers Positive Packaging Europe (UK), commented: 'My company is a direct supplier to co-packers and multi-national companies across Europe. I personally think contract packers are not given their due credit for the willingness, speed and accuracy with which they work, sharing the production burdens of many brand owners. Co-packers need to be seen and recognised as an integral and solid part of final product delivery.'

Philippe Juhellé was impressed by the event's international nature. 'ECPA is a place where co-packers from around the world can share best practice, and find answers to industry-specific questions, like what the future holds. The fact the both speakers and delegates came from both Europe and North America was real proof of the success of this first-ever ECPA conference.'

Headquartered in The Netherlands, the European Co-packers Association and its members can be reached via the association's website, www.ecpacopackaging.com.

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