

Board Member Spotlight

Manufacturing Best Practices

By Joseph Atencio



Congratulations! You had a fantastic idea for a product line, and are getting a great response from retailers; now it's time to turn your idea into a reality. Ensuring that you have the

right manufacturing partner is a critical step in your long-term success. I'm writing this article with a focus on independent brand companies who are evaluating contract manufacturers. This is just one area of consideration as you bring your product to market. Other areas that are equally important are regulatory compliance, logistics, and distribution; but we will deal with these areas in upcoming columns. In my experience, over many years as a contract manufacturer, many fabulous companies are founded by entrepreneurs with great experience with sales and marketing. Often though, supply chain is not in their wheelhouse, and therefore this important function gets neglected.

The following areas are a few that should be given strong consideration when assessing manufacturing partners:

Allow sufficient time. You need time for formula approval, safety testing, package testing, and manufacturing validation, all of which differ based on the nature and complexity of the product. Product commercialization takes time, and many steps should not or cannot be shortened. At the outset, with your manufacturing partner, make sure you have an explicit understanding of the project timing and who's doing what. Get all responsible parties around a table, agree on a time and responsibility schedule,

document it in detail, sign it and then review it as a group weekly through launch! If they are unwilling to do this, then avoid them.

Flexibility for growth. Plan for your own success. Make sure your manufacturing partner has the operational flexibility to grow with you. Moving production in the future is costly, risky and adds complexity to the supply chain. Understand what product forms (tubes, bottles, jars, aerosols, flammables, etc.) and types (alcohol, emulsions, hot pours, powders, etc.) are in your manufacturing partner's network. It is unusual that a manufacturer can do everything well, but be aware of the breadth of its capabilities and the depth of its manufacturing base (i.e., number of filling machines) to make sure that you have some breathing room for your expected growth.

Run with a good crowd. Quality is paramount. Nothing can doom a launch faster than a quality or safety concern. Find out which other companies manufacture their products at the site you intend to use. If an established global brand is a steady customer, then you can sleep better at night knowing that the facility is audited on a regular basis to high standards. Ask to see audit results. Ideally, the facility has an ISO 22716 certification for Cosmetic Good Manufacturing Practices from an established national auditing firm. The FDA regulations are expected to tighten in 2017, so this "nice to have," will probably become a "must have," so stay ahead of the requirement.

Communication is key. Transparent communication between the brand owner and the manufacturer is hugely important at all times, especially for a product launch. If communication is poor during the selection process, then

it's unlikely to improve later. Before you commit, meet your customer service team and make sure you're comfortable that you can work with them. Know the escalation path for resolving outstanding issues. If your emails or calls aren't being answered, who will you call next? Is there good reporting in place for the status of your POs? Have you established those supply chain decisions that require your verbal or written approval?

These areas are NOT a comprehensive list, but are incredibly important to ensure that you have the right partner. Other areas are pricing visibility, lead-time requirements, minimum order quantities, cancellation rights... the list goes on and on. If you go into the relationship as partners with mutual respect and good communication, most problems encountered (and there will be) can be easily overcome.

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