

YOUR FUTURE IN FOOD

# Using a Co-Packer Contract Manufacturing



**A contract manufacturer, or co-packer, is a company that manufactures and packages food for other companies to sell. Co-packers can provide entrepreneurs with a variety of services in addition to manufacturing and packaging products.**

Using a qualified co-packer will allow you to devote your time to management and marketing, while eliminating the expense and responsibility of operating a production facility. Some facilities will provide only the packaging, while others will help you with the entire formulation, production, packaging, and labelling process.

Most co-packers offer no-cost initial consultation. Few co-packers can provide the full range of services:

- liquid products
- dry products
- ingredient pre-blends
- labelling
- packaging service
- product development or recipe conversion

## Benefits of using a co-packer

**Reducing cost:** Buying equipment, setting up the infrastructure and plant facility can be expensive. Using a co-packer allows you to allocate this money to other aspects of your business.

**Knowledge:** An established co-packer will have experience in manufacturing and packaging your type of product. For example, a recipe that works in a small test batch might have to be altered when produced at higher volumes and/or changed to meet the requirements of processing equipment.

Previous experience with similar product lines will ensure better results.

**Lead time:** By choosing the correct co-packer, you can reduce your learning curve and lead times. Their experience with processing and package design will allow you to fill orders sooner.

**Scalability:** The ability to work with increased workloads is invaluable, so the choice of co-packer is important. Ideally, as your volume grows, so should profit margins. This allows for better pricing to customers through volume discounts.

**Regulations:** There are several requirements, such as provincial and federal food safety laws and insurance coverage that must be met before products can be made and sold. Your product may require additional certifications such as Kosher, organic, and allergen free (ie: nuts, dairy or gluten). By using a co-packer, you save time and money required to deal with these issues directly.

## Do your research

- Before using a co-packer, research them and ask for references.
- Go visit the facilities to be sure they have the equipment needed for your product.
- Ask them to make a sample of your product at their facility before you sign a manufacturing contract.
- Be clear about the terms around storing inventory, packaging materials and finished product.
- Get professional advice; talk with your accountant, lawyer and your insurance company to protect your interests.
- Discuss liability coverage with your insurance agent. Processors should request a certificate of insurance from the co-packer or anyone else involved from processing to market. Processors should be named on the certificate as an additional insured. Check to see that packaging materials and products are included in the co-packer's coverage while it is in their care.
- See a lawyer to develop a co-packing agreement (contract). All liability coverage should be confirmed in a contract beforehand, so there is no question about who is responsible for providing coverage in the event of a loss.

## Finding a co-packer

Manitoba Agriculture has an online listing of co-packers. Co-packers have a variety of specific functional areas in which they excel. Do your research to ensure their services are right for you. The Manitoba Agriculture Co-packer list includes companies that specialize in bakery, confectionary, seasonings and uncooked grains. It is not inclusive nor an endorsement of their services.

- The list consists of businesses that have indicated they provide co-packing services. Information includes:
  - contact information
  - plant location
  - types of products available to co-pack
  - packaging type

Manitoba Agriculture can help you build your future in food. Our business development specialists offer consulting, pathfinding services and resources that will help you manage and grow your business.

Talk to a Manitoba Agriculture business development specialist to discuss your co-packing needs or to have your business added to the directory.

## For more information:

Go to [manitoba.ca/agriculture/food-and-ag-processing/](http://manitoba.ca/agriculture/food-and-ag-processing/)

Email [mbagrifood@gov.mb.ca](mailto:mbagrifood@gov.mb.ca)

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