

Co-Packer Evaluation Checklist

The co-packer is perhaps your most important partner, the production and, perhaps, fulfillment partner. Your work with them determines the majority of the product cost, quality, and production agility. Refer to *Good Food, Great Business* for many great tips from the trenches and best practices for partnering with a co-packer.

Many of the questions ensure compliance with the Food & Drug Administration's [Good Manufacturing checklist](#).

Initial Questions

1. What is your working approach and philosophy? (*You want them to work with total transparency.*)
2. Can I be there during production?
3. **Quantity:** What is the minimum run size or dollar minimum?
4. Do you every experience weather related or water restriction problems, that could impact production or delivery?
5. Do you have certifications - organic, gluten free, kosher etc?
6. Can I source some or all of my own ingredients?
7. Are you working with competitive companies currently?
8. What are your packaging capabilities?

If your initial questions produce promising answers, move on to ask more detailed questions:

Plant Capacity

1. What is the capacity of the plant?
2. What percent of the plant's and processor's total production will my business represent?
3. Will I be consulted if the processor increases or decreases my percent of his capacity?
4. How will increases in production capacity be accommodated? With additional work shifts? With plant and equipment additions and expansions? In other ways? (explain)
5. **Responsiveness:** How quickly can you produce more in case of a big sales push?

Ingredients

1. **Do I have the option of supplying ingredients?** If not where do you get your ingredients?

Who will purchase the ingredients for my products? *(If you want to supply your own ingredients, confirm this will be allowed and any fees they might charge.)*

2. Can you keep my ingredients separate from products with gluten?
3. Can you use equipment that's separate than equipment?
4. How often and in what quantities will the ingredients be purchased?
5. How will they be transported to the plant?
6. How will they be stored at the plant?
7. Does the plant offer an adequate and dependable inventory tracking and control system?
8. Is there a system to ensure that my ingredients will be used for my products?
9. Will you keep my ingredient suppliers, costs, and specifications confidential?

Quality Control (QC)

Products should ideally meet Whole Foods guidelines:

<http://www.wholefoodsmarket.com/products/quality-standards.php>

1. How many QC people are on staff at the plant?
2. How well trained are they?
3. Are they using or familiar with statistical process control (SPC)?
4. Are control procedures in place to ensure that finished product weights and volumes will meet my product specifications?
5. **IMPORTANT:** Will the processor allow me unrestricted access to the plant during production of my products? *(Ask yourself: How often will you inspect the plant?)*

Customers

1. Are any of their customers competitors of mine?
2. Will you provide customer references/testimonials?
3. (If relevant) Have you supplied product for Costco before? (Do they meet the most stringent certifications?)
4. If one of my buyers wanted to visit the facility is that doable?

Pricing

Ask these questions only if the co-packer seems like a potential fit.

1. How does your pricing work as far as how you make money?
2. Can you determine the actual cost to the processor for the following: ingredients, package material, manufacturing costs, overhead costs, profit
3. Are the allowances for manufacturing loss based on verifiable performance?
4. Who pays for major additions, repairs, and maintenance to the building and processing systems?
5. How will charges for ingredients you purchase be tabulated?

6. Will I be allowed to inspect original invoices for charges to you?
7. Are control procedures in place to ensure that manufacturing losses charged to me are actually occurring?

Confidentiality / Intellectual Property (IP)

1. Will the formulation of my product be kept confidential from competitors who also use the plant? Will you agree in writing that I own the recipe? (*Clearly "must haves".*)
2. How will this confidentiality be assured?
3. Will you ensure tight security prior to the introduction of new products and, if so, how?

Processing and Packaging

If the co-packer can't handle your packaging, ask if they know someone who can.

1. Is the general arrangement of the equipment in the plant conducive to good quality control and sanitation? Could modifications be made to the general arrangements that would correct any deficiencies?
2. Who owns the equipment in the plant?
3. Is there space available for additional equipment that may be required for future product line extensions?
4. Who will purchase packaging supplies? Can they provide any packaging and/or would they help get volume discounts by buying through them?
5. Will the processor make packaging on-site? (if applicable)
6. Can you quickly and efficiently accommodate changes: to your process? to your ingredients? to your formulations? to your packaging? to your shipping practices?
7. What will you charge for such changes?

Warehousing and Distribution

1. Is there sufficient storage area for raw materials to take advantage of large quantity or bulk storage of ingredients?
2. Is there a charge for storage?
3. Are there warehouse procedures to maintain the integrity of my product before it is shipped?
4. Will you handle product distribution in 1) pallets 2) dropship to consumers?
5. How do you handle products from the warehouse into the shipping vehicle?
6. Is competitive commercial trucking available?
7. Does the processor operate a truck fleet? If so, are the processor's trucks: clean? In good mechanical condition? have temperature recorders for perishable products? secure from tampering?
8. Does the processor allow credit for back-hauls?

9. Does the processor offer replacement for out-of-date product pick-up?

Location

Why important: *At a larger scale, the location affects your ability to visit the facility, reliability of production, and cost.*

1. What is the proximity of plant to ingredients and/or raw materials?
 - a. to packaging suppliers?
 - b. to interstate highways and/or railroads?
 - c. to a reliable labor pool?
2. Will the location allow low-cost and efficient distribution of my product?
3. Will the location allow me to expand my traditional market areas affordably?
4. Does the local government support this kind of business?
5. Is the location prone to bad weather that could delay shipments?

Labor

Why important: *The labor force determines the quality of your production and is crucial to continuity.*

1. How many employees does the plant have?
2. Have plant employees had adequate training?
3. **IMPORTANT:** How much additional training will they require for my operation?
4. Do plant employees receive adequate compensation?
5. Do plant employees perform quality work?
6. What is the average length of employee service at the plant?
7. Are the existing labor contracts and labor practices restrictive?
8. Is the plant unionized?
9. Does the processor have a history of labor strife?

Building and Utilities

*Use this checklist for your **in-person inspections**. Not all questions will apply to you.*

1. Does the plant appear to be well-maintained?
2. What is the plant's annual maintenance budget?
3. Does the plant have the following desirable features: temperature and humidity controls? bird and insect screens? air curtains? personnel control? fire protection? earthquake protection? flood protection?
4. Does the plant have any of the following problems: physical abuse to packages? inappropriate stack heights in the warehouse? overhead dripping? floor sweepings? peeling paint? out-of-date ingredients? improperly tagged ingredients? off-spec ingredients? metal or plastics?
5. Is there sufficient boiler capacity for my requirements?

6. Is the steam quality sufficient for my requirements?
7. Do you have any special steam requirements (for example, culinary steam for product contact or extra-high pressure steam)?
8. Is there sufficient air compressor capacity? Is there sufficient refrigeration capacity?
9. What is the source of the plant's water supply (city water or well)?
10. Is the supply adequate? (Especially important in drought areas!)
11. Are there any restrictions on water usage?
12. Does the water quality equal that needed for my product?
13. Is the water treatment used compatible with my product?
14. How is wastewater treated (plant system, city system, other)?
15. What are the discharge limits (BOD, suspended solids, fats, other)?
16. What are the costs of water and waste treatment? Are these charges included?

Continuity of Operations

1. How will you meet contractual agreements in the event of strikes or work stoppages?
2. Does the production agreement include contingency plans in the event that the processor is bought out by one of my competitors?
3. Will the company be able to maintain business operations if it loses a key client?
4. Do other customers confirm that the processor is reliable? service oriented?
5. Is the processor's operation profitable?
6. What does the processor plan for the future: expansion? merger? retirement?

Adapted from information from [Penn State](#) and Robert M. Kerr [Food & Agricultural Products Center at OSU](#).

In this document "I" / "my" refers to you, the food entrepreneur, and "you" refers to the person you're interviewing. This structure makes it easy for you to read the questions in a screening.