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MARCH/APRIL 2023

Mitigate the Labor Shortage

Automation and investment in workforce help contract manufacturers and packagers retain and mitigate the labor shortage plaguing the industry since the onset of the COVID-19 pandemic.

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Engaging With Our CM/CPs



MELISSA GRIFFEN,
Editor

It was a pleasure meeting so many of you at the Contract Packaging Association's (CPA) ENGAGE event held in the lovely 80-plus degree weather of San Antonio, TX.

CPA and F4SS joined forces this time around, providing excellent speakers who covered a variety of timely topics. I hope the event was a great opportunity for each of you to hear their insights and make some valuable connections. For me, it certainly produced some useful content ideas that you will be able to read in the next few issues, so keep your eyes open.

As many of you saw either in your email or at ENGAGE, I sent out a survey in late 2022 to help determine what kind of content you are interested in reading and how you prefer to receive that information. Here are the three most popular responses to that survey in order of preference:

- **Topics:** increasing line efficiency, combatting labor shortage issues, and working more effectively with brands and consumer packaged goods (CPG) companies.
- **Article types:** case studies, news items, and short columns.
- **Preferred ways to receive content:** online publication, print issues, and video.

Thank you to all of those who filled out the survey, and a special thanks to

everyone who provided their contact info to provide future content to the magazine. I look forward to collaborating with you and putting your ideas into action.

If any of you have not had the opportunity to fill out the survey and would like to do so, you can scan the QR code. I look forward to your responses. **CM+P**



Melissa Griffen
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Booming Success and a Fond Farewell



BY ROB REINDERS, CPA President

What an incredible year we had in 2022! CPA added a record 90 new members last year and a full calendar of in-person trade shows and events, including a return to PACK EXPO International after a three-year hiatus. It was great to see busy booths again and to meet so many individuals excited about collaborating with our members to produce or package their products and those eager to join our association.

February saw the return of the CPA ENGAGE – The Contract Packaging and Manufacturing Experience, the premier event for the contract packaging and manufacturing industry. We blew out our registration numbers with over 200 industry executives joining us on the beautiful Riverwalk in San Antonio, TX. For the first time ever, we partnered with F4SS, The Foundation for Supply Chain Solutions, to bring a new element of CPGs to the conference. Everyone enjoyed 3 days of fun social events like our Buckhorn Saloon party, networking events and opportunities, and informative sessions on sustainability, packaging reforms, labor issues, and supply chain. CPA recognized a Hall of Fame recipient and two Outstanding Contributors at the event. We look forward to seeing everyone in Orlando in 2024!

Lastly, I would like to recognize CPA's ongoing commitment to furthering the advancement of students pursuing degrees in packaging or a packaging-related field and those looking to enhance their skill set through continuing education. CPA's scholarship program offerings are:

Contract Packaging Association Collegiate Scholarship

CPA offers three \$1000 scholarships to students sponsored by a CPA member in good standing with the Association within the United States and Canada. These scholarships provide additional support to students as they navigate through their packaging career. The deadline to apply is April 28th, 2023.

Contract Packaging Association Professional-Certification/Workplace-Grant Scholarship

Certification Scholarships are open to employees and family members whose sponsor is a current member of the CPA in good standing. These scholarships (not to exceed \$2000) provide additional support to industry professionals looking to enhance their skillsets. Scholarships will be awarded throughout the year once proof of registration for a certificate program or class is provided to the CPA and reviewed by the scholarship judges.

I urge you as a member to spread the word about this mission of the CPA. More details are available on our website at www.contractpackaging.org/education/scholarships.

[contractpackaging.org/education/scholarships](http://www.contractpackaging.org/education/scholarships).

In closing, it has been an honor to serve the association as President for the past two years. I want to thank the board members for their efforts to make the CPA the strongest it has ever been. I thank Mark O'Malley, the past president, for his mentorship and guidance. I am very grateful for the management services that PMMI provides to the association and their professionalism. Together, we are building a broader and more meaningful association for our members. A big shout out to our membership for being more engaged than ever! Lastly, Ron Puvak, our Executive Director, deserves the appreciation from all of our membership for his tireless efforts to lead the association to a record breaking year in all facets of the association. I know our new president, Jerry Thompson, CEO of Combined Technologies Inc., will lead the association to greater heights! **CM+P**

Rob Reinders is President of Performance Packaging of Nevada, <https://pplv.co/>.

Meet the new president: Jerry Thompson

I am happy to introduce myself as your new president for the next term. If you don't already know me, I have been a member for 11 years. I started my own contract packaging business, CTI, in 2000 based in Bristol, Indiana with corporate offices in Libertyville IL. I am thrilled to see the increase in our membership in the last few years. My first goal as president is to increase the awareness of sustainability through programs and communications within the industry. Additionally, I would like to continue to further develop programs to assist our members which in turn helps our clients. I look forward to meeting you all and getting to know you better. Please feel free to reach out to me at jthompson@ctipack.com



How CM/CP Entities Get Noticed



MELISSA GRIFFEN
Editor

Brands and consumer packaged goods (CPG) companies are looking for ways to improve their partnership with contract manufacturers and packagers (CM/CPs) and get into longer term contracts to unlock a different level of value.

During a brand panel at the 2022 F4SS: The Foundation for Supply Chain Solutions event, the brands expressed that this entails CM/CPs taking on the role of innovation and growth partner, meeting with the brands' marketing and consumer insights teams to ensure both companies are on the same page. Brands are looking for CM/CPs that will tell them when they are being difficult to work with and who will offer services to improve product and process innovation, including those not already included in the contract.

"We actually entered a five year supply agreement with one of our key external manufacturing partners because we wanted their innovation and the partnership. And it's their formula. Traditionally we would own all the formulas," said Steve Weinstein, representing Johnson & Johnson.

Another aspect the panelists honed in on was digital connectivity and an interconnected ecosystem to increase transparency to share operational and production data. Especially as supply chain issues have been brought to the forefront during the COVID-19 pandemic, collaboration between brands and CM/CPs is growing increasingly important to meet deadlines.

Though these abilities are what brands are searching for, a CM/CP first needs to get accepted on as a partner and given a contract. Suggestions the brand panelists provided were to develop connections in

research and development (R&D) or supply chain, etc. in order to help the CM/CP get past procurement. Being a member of F4SS and similar associations can provide opportunities to develop such connections. Otherwise, focusing on the capability statement can prove how valuable of a partner the CM/CP will be.



A panel at F4SS provided insight into how CM/CPs can grow their relationships with brands.

There is not a one-size-fits-all answer to this question of how CM/CPs can get noticed, but I'll try to provide a few ideas that I've seen used, and that can be employed.

Trade Shows

Some presence where your information and participation lead to your organization being spotted in exhibitor searches, etc. can provide inroads or contacts you might not otherwise be able to generate. I didn't realize the value of this approach for the brand owner until one of our suppliers expressed surprise to me that we did not attend a Private Label trade show where many CM/CPs exhibit every year. I've met some there and at other such shows that I would have struggled to meet anywhere else.

Missional Organizations

Organizations like CPA, provide opportunities for CM/CPs to have their profiles included in RFP and other search requests. The organization known as F4SS also provides lead and search assistance to brand owners and CM/CP providers alike via events and newsletters.

Price Entry

Another key aspect of getting noticed is being prepared for follow-up needs that brand owners have. How you'll handle NDA's, requests for baseline documentation like SQF audit results, and other initial inquiries are questions you should have dealt with before you get such requests. So, be prepared to respond in a timely fashion.

Limitations

It is important that you know where you have limitations so that time is not wasted on a potential engagement that will be fraught with tension because expectations of the two parties are not lining up. Know how you will and won't be able to work and know how to communicate these matters clearly in the earliest possible conversations. That includes things like minimum runs, minimum annual volumes, and access to your manufacturing facilities and production floors.



ROBBY MARTIN
Sr. Packaging Engineer at Bush Bros.

Mitigate Cybersecurity Risks in Contract Manufacturing

New and evolving technologies, such as fully integrated enterprise resource planning systems, connected machine sensor networks, remote access, and Industrial Internet of Things (IIoT) connectivity are improving manufacturers' efficiency. However, these technologies also create vulnerability to cyberattacks and the manufacturing industry has been increasingly targeted.

According to a security firm NTT's 2021 Global Threat Intelligence Report, cyberattacks on manufacturers increased by more than 300%, totaling 22% of all attacks across all sectors, up from 7% the previous year in 2020. Subsequent NTT reports found that manufacturing remains a top three target for cybercriminals.

Contract manufacturers (CMs) are not immune to these challenges. According to a Manufacturing Dive article, CMs face unique cybersecurity threats often involv-

ing the risk of fraud from hackers and attacks from nation states.

Threats can come from the vulnerabilities of the brands and consumer packaged goods companies CMs work with. **Dynamic Blending**, a CM for the personal care, cosmetic, and nutraceutical industries, addresses these challenges by educating employees and clients about phishing attacks, testing through faux cyber-attack launches, and explaining what would and would not be asked of the client or employee.

Another vulnerability is that older machines designed for internet or cloud connection may contain security flaws. If an older machine needs to be connected, manufacturers should create a secured network. The same applies to old software.

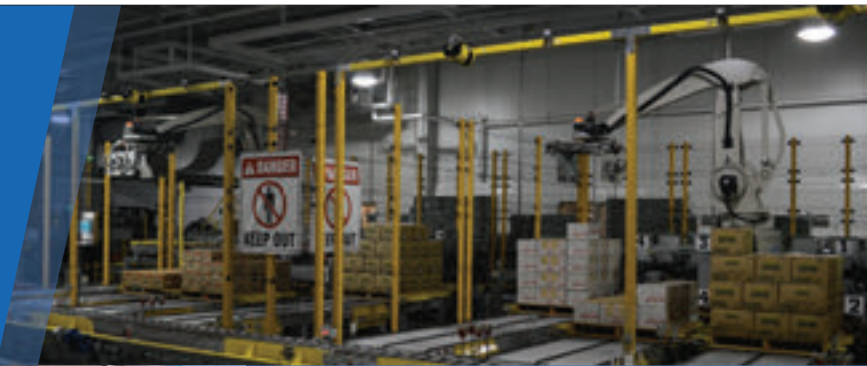
Prevent ransomware and malware attacks through two-factor authentica-

tion, VPNs for remote employees, and education about the risks of unsecured, public Wi-Fi networks and unfamiliar USB drives. Dynamic Blending Locked USB functions so they couldn't introduce threats to the system, or be used to take IP or other critical information out, according to the article.

Other preventative measures include protected file sharing, air gapping data on different hard drives, and operating on a "zero trust" basis, which means limiting the number of people who can reach certain parts of company infrastructure and needing two authenticated peers to sign off on critical actions.

*For additional resources, check out, "Cybersecurity: Assess Your Risk," a white paper from PMMI, The Association for Packaging and Processing Technologies: <http://pwgo.to/cybersecurity>. **CM+P***

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The Key to Employee Retention

Peoria Production Solutions focuses on serving its employees, many of whom are disabled, to create an environment workers don't want to leave.

BY MELISSA GRIFFEN, Editor,

Work is about more than a paycheck. It's a source of meaning, growth and connection to others. At **Peoria Production Solutions**, it's all that and more. The company is on a decades-long mission to put people with disabilities to work.

Peoria Production Solutions (PPS) is a contract manufacturer (CM) located in Peoria, Ill., serving primarily the industrial, medical, consumer, and food and beverage industries. The company dips its toes into a variety of industries, from supporting local startups to producing personal protective equipment, such as 3-ply, surgical, and n95 masks, in a 10,000 square foot FDA-certified cleanroom, to pet food packaging and even shipping customer goods.

PPS even has a branded product it manufactures, a vinyl and cloth gait belt for the medical device industry sold through a brand website and created solely by individuals with disabilities.

PPS runs two facilities and plans to expand into other cities with similar employment opportunities and committed customers. Like other industries, contract manufacturing and packaging was hit hard by the COVID-19 pandemic and the ensuing Great Resignation. Ongoing inflation and wage pressure mean that many CM/CPs are struggling to fulfill orders on time. PPS claims it has a "secret sauce for employee retention that has everything to do with the company's history.

PPS was started in 1941 by a physician, Dr. Maxim Pollock, who noticed that tuberculosis patients who had been cured of the disease were still being discriminated against by employers fearful of passing it along. Pollock opened a shop where he employed these affected people as a self-funded operation. In 1951, PPS

was incorporated as a non-profit and opened up employment to anyone with a high-functioning disability. Today, the contract manufacturer still targets workers with disabilities of all sorts, ranging from autism and other mental disabilities to physical disabilities, including low vision, no vision, and hearing impaired. These individuals make up 58% of the PPS workforce.

A high percentage of people with disabilities suffer unemployment, so social networks dedicated to finding them work are a great resource for CM/CPs. This is more than humanitarian work, however. The benefits to PPS match the effort they put into training individuals with disabilities.

"We found that people with disabilities [such as autism] can do amazing things. And if you set them up for success, more times than not, they're going to succeed," says Dan Laturno, president and CEO of Peoria Production Solutions.

Setting your employees up for success

PPS starts all new employees on the same boxing position to assess their capability. Job coaches and supervisors then determine which more complicated positions the employees are prepared to take on. The process continues until each employee reaches a level where he or she is content. Employees are also consulted to see if they would like to advance to more complicated positions or before switching between PPS's two facilities.

Laturno said much of the work done at PPS is repetitive and similar, and that individuals on the autism spectrum thrive with such work. Many find it soothing, and are capable of performing such tasks with a very low rate of error.

Working with disabled individuals to get them in their optimal role requires

Peoria Product Solutions

Location(s): Two facilities in Peoria and Bartonville, Ill.

Number of employees: 330

Main industries served: Packaging, Assembly, Sewing, Kitting

Types of products handled: Industrial, Consumer, Medical, Food and beverage

Packaging services offered: Boxing, Bagging, Shrink-wrapping, Shrink bundling and labeling

Certifications: Gold Level Supplier to CATERPILLAR and ISO- 9000:2015

Other services offered: Directed buying, Warehousing, Fulfillment, Sewing

Types of packaging equipment in the facilities: Auto-labeling, Auto-baggers, Shrink bundling, Heat sealing



Dan Laturno, president and CEO of Peoria Production Solutions

patience and an understanding, Laturno says, that each individual is different. They absorb, understand, and perceive information differently, but the results are

well worth the effort. Not only are they hardworking, but they are happy to have the opportunity to work and are not solely focused on the paycheck. Annual turnover is less than 10%, Laturno says.

"It's amazing to witness the high-level of skilled work and productivity that this population can attain," he says. "Our mission is to be the premier employer of individuals with disabilities. We call them 'targeted employees' because they are the target of our mission."

Even with that level of commitment, repetitive tasks can take a toll on the body, PPS offers its employees 15-minute stretch breaks at start up and after lunch to avoid carpal tunnel injuries. Employees are also allowed to rotate within jobs between sitting and standing. Certain workstations on the floor can be lowered to accommodate height and wheelchair-bound employees.

Creating a welcoming workspace

Employees often want more than a paycheck when they go to work. They want a workspace where they feel respected and appreciated. Some of the ways PPS invests in its employees, both in terms of time and money, include:

- Competitive insurance and retirement plans for disabled individuals.
- Monday to Friday work schedule, 7 a.m. - 3:30 p.m., with occasional volunteer Saturdays. According to Laturno, many

employees use the city's public transportation and PPS does not want disabled employees to be out after dark. PPS has turned down requests to add second and third shifts in order to protect the safety of its workers.

- Monthly birthday breakfasts with leadership. Laturno says employees jump at the opportunity to ask questions about the business, oftentimes resulting in an extension of the hour allocated for the breakfast.



PPS manufactures its own brand of gait belts.



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Company Profile



The PPS Bartonville facility.



The PPS Bartonville facility.

- Holiday celebrations in which management serves the employees.
- Employee of the Month, Employee of the Year, and Perfect Attendance celebrations and meals.

The company's insurance plan is self-funded to allow the CM more options to help its employees, starting them out on the plan on their first day. It includes an on-call lawyer to handle any legal issues and covers medical costs up to 90%. The 403(b) retirement plan doesn't match but automatically puts away 8%, no matter the amount the employees put inside the account.

"This employment opportunity provides financial independence, a social network of like employees, healthcare benefits that they may not qualify for elsewhere, and retirement plan so they can plan for a future post-employment,"

says Laturno.

The CM also strives to create a fun environment for the employees, both those with disabilities and those without, through regular theme days and weeks, such as Halloween, tie-dye and various sport-themed days.

The results of the environment created through these benefits and activities makes its employees feel valued and appreciated in a safe and respectful work environment. One of the PPS facilities is located next door to a direct competitor. Despite the fact that the employees could take the same bus to work and make \$3 more an hour to start, PPS hasn't lost a single employee to that competitor.

During the peak of the pandemic, 85% of the PPS workforce decided to come to work, and of the 15% who

stayed home, only one employee did not come back to work due to health complications.

Laturno was emphatic that companies not reaching out to organizations aiding individuals with disabilities are doing themselves a disservice.

"There are many who are discriminated against, and these people just don't know where to go," Laturno says. "But with a little work center modifications perhaps, you can have some long term, high tenured, highly productive employees."

Such community-focused organizations will also onboard high school students in special ed programs to work parttime and Laturno explains that often those students will continue to work at PPS after graduation. The CM's longest

tenured employee has been with the company for 44 years and came from such a program.

"I'm in my fourth year here at PPS and I'm so happy I came here, the job's super satisfying," says Laturno. "The fact that

we're able to employ people who otherwise wouldn't have employment opportunities and give people some meaningful employment in a safe and respectful work environment is amazing. And my only regret is I didn't get here sooner." **CM+P**

CPA Membership

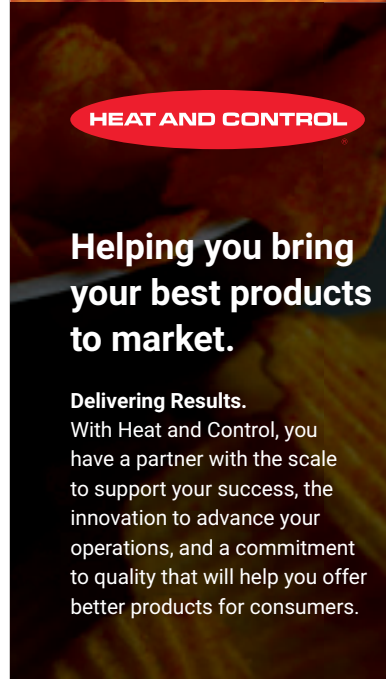
Laturno explains that joining the CPA motivated his company to become more professional, which PPS did by upgrading its website and changing its name and logo to something more eye catching. Peoria Production Shop became Peoria Product Solutions and the CM invested in digital marketing and SEO services. This led more customers to the PPS website, generating several requests for quotation (RFQs) per day. Laturno said that the rebrand, website, and marketing have been worth the cost.

The CPA's RFQ system has also been beneficial to PPS in providing it with direction on what equipment to buy as well as to refer customers outside of its services to other CM/CPs, who do likewise.

"Being part of the organization, and at the annual meetings ... just having those relationships with individuals in the organization has really been helpful. It's allowed us to have relationships, get referrals from them, give referrals to them," says Laturno. "And really just kind of entrench ourselves in the industry where we were kind of blind to it before three years ago."

For more information on becoming a CPA member, visit:

www.contractpackaging.org.



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What's New From ENGAGE

The event featured the introduction of a new CPA president and spotlighted research on sustainability and other industry trends.

BY **Melissa Griffen**, Editor,

During the kickoff event on February 21st at the Buckhorn Saloon in San Antonio, TX, the Contract Packaging Association (CPA) celebrated the time and effort outgoing CPA president Rob Reinders put into leading the association and bade him a warm farewell with western-themed jail attire and shootouts.

The CPA then welcomed Jerry Thompson, CEO of Combined Technologies Inc. (CTI) as its new president. Thompson intends to be highly involved in the organization's sustainability and collaboration goals, as well as using *CONTRACT*



Rob Reinders is thanked for his service as president at the Buckhorn Saloon in San Antonio, TX at the ENGAGE event.

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Manufacturing & Packaging magazine to bring the CPA members thought provoking insight on timely topics.

During ENGAGE, Rebecca Marquez, director of custom research at PMMI, the Association for Packaging and Processing Technologies, presented the preliminary findings of a study on recyclability within the packaging and processing industry. According to Marquez, plastics will continue to be used in a variety of formats, but flexible plastics in particular are on the rise and PET bottles will have the largest compound annual growth rate. That's despite the fact that flexible packaging is generally a multi-layered material that creates an obstacle to recyclability.

"We don't have the infrastructure. It is vitally important that we get involved and work with organizations directing legislations to get this changed. We need to find a better method to manage these materials," says Marquez.

The research also pointed to consumers' preferences for sustainable and circular recycling as well as supply chain issues as strong factors in what materials consumer packaged goods (CPG) companies and contract manufacturers and packagers (CM/CPs) use for packaging.

"I've run into CPGs who have to change materials because they can't get their hands on materials they were originally using," says Marquez. "Supply chain issues are going to remain at the center of attention for a while."

The 2023 State of the Industry report produced by the CPA will have further information on sustainable practices applicable to contact manufacturing and packaging, according to Carl Melville, founder of the Melville Group, who provided a preview of the report.

Other topics that will be covered as industry drivers in the report include:

- Inflation
- Labor shortages and robotics
- Private equity firms specializing in CM/CP

"We're also going to be putting in more in depth interviews with CEOs or other luminaries. There will be links in the

report to videos of those CEOs explaining their points in more detail," says Melville.

Melville said interviews and surveys are the main source of data for the report. Each member that participates will receive a "special" version of the executive

summary with information otherwise not available to the public. **CM+P**

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CPA Launches into Busiest Event Calendar Yet, Holds Record-Breaking Annual Conference

2023 off to a good start

The Contract Packaging Association kicked off the year with an early tradeshow in Las Vegas—the Winter Fancy Food show with two full towers of CPA member products and capabilities.

The show was a success, and a booth was secured for the 2024 show. Trade shows continued with additional member towers into March with the Natural Products Expo West in Anaheim, CA and a return to SNAXPO in Orlando, FL, this time with a large CPA branded comanufacturer and copacker (CM/CP) pavilion, increasing our presence at the show. CPA will also attend the international interpack show in Dusseldorf, Germany May 4-10. To see CPA's 2023 event calendar visit www.contractpackaging.org/calendar.

CPA hosted their successful annual event: ENGAGE

ENGAGE - The Contract Packaging and Manufacturing Experience in San Antonio, TX in February, with a record number of registrations, attendees, and overall event participation. This annual event was joined by F4SS: The Foundation for Supply Chain Solutions which brought more brand representation to the show. At the show, awards were announced for a CPA Hall of Fame, Eric Wilhelm of Coregistics, who has served the Contract Packaging Association and the industry since the 1990s, found-

ing and growing several companies and leading the association as an early member, speaker and president. Two Outstanding Contribution Awards were also given to Michael Collins of Sterling Contract Packaging for chairing the Annual Meeting Committee for three years, serving as a board member, and ongoing support of trade shows, as well as to John Bialecki of Lako Tool, who was awarded for serving on the Annual Meeting Committee, co-chairing the exhibition recruitment and planning, and ongoing support of association efforts.

CPA efforts in education

CPA continued its support of the advancement of students who are pursuing a degree in packaging or a packaging-related field through its scholarship program. The organization also helps individuals who are looking to improve their professional background and/or increase their skill set in the packaging world.

The CPA says it proudly offers the following scholarships: the Contract Packaging Association Collegiate Scholarship with 3 individual \$1000 scholarships and the Contract Packaging Association Professional-Certification/Workplace-Grant Scholarship with a \$2000 award. To apply visit www.contractpackaging.org/education/scholarships.

GreenSeed Contract Packaging Increases Line Efficiency Through Automation

A pay-for-productivity robot model has mitigated the effects of labor shortages and provided scalability for the contract manufacturer.

Melissa Griffen, Editor

Located in Batavia, Ill., **GreenSeed Contract Packaging** underwent an expansion but was then challenged by the ongoing labor shortage still affecting the industry since the beginning of the pandemic. The company, which serves large and mid-sized consumer packaged goods (CPG) companies in the food industry, sought new ways to drive distribution efficiencies while keeping costs down.

GreenSeed's solution was to turn to automation on the line in positions which could be easily replaced and even performed more efficiently by a robot or collaborative robot (cobot). Though purchasing a robot or cobot was not what the company had in mind. They decided robots-as-a-service was the way to go.

Formic—a Robotics-as-a-Service (RaaS) provider, headquartered in San Pablo, Calif.—designed, deployed, and maintains uptime for GreenSeed's first palletizing systems as a rental system.

A different way to invest in automation

Contract manufacturers and packagers (CM/CPs) can benefit from the flexibility robots, and cobots specifically, provide and palletizing is a job easily replaceable by automation, which further allows the contract packager to move its employees to more complicated positions. But considering the fluidity within the contract packaging space, buying a robot may not always make sense.

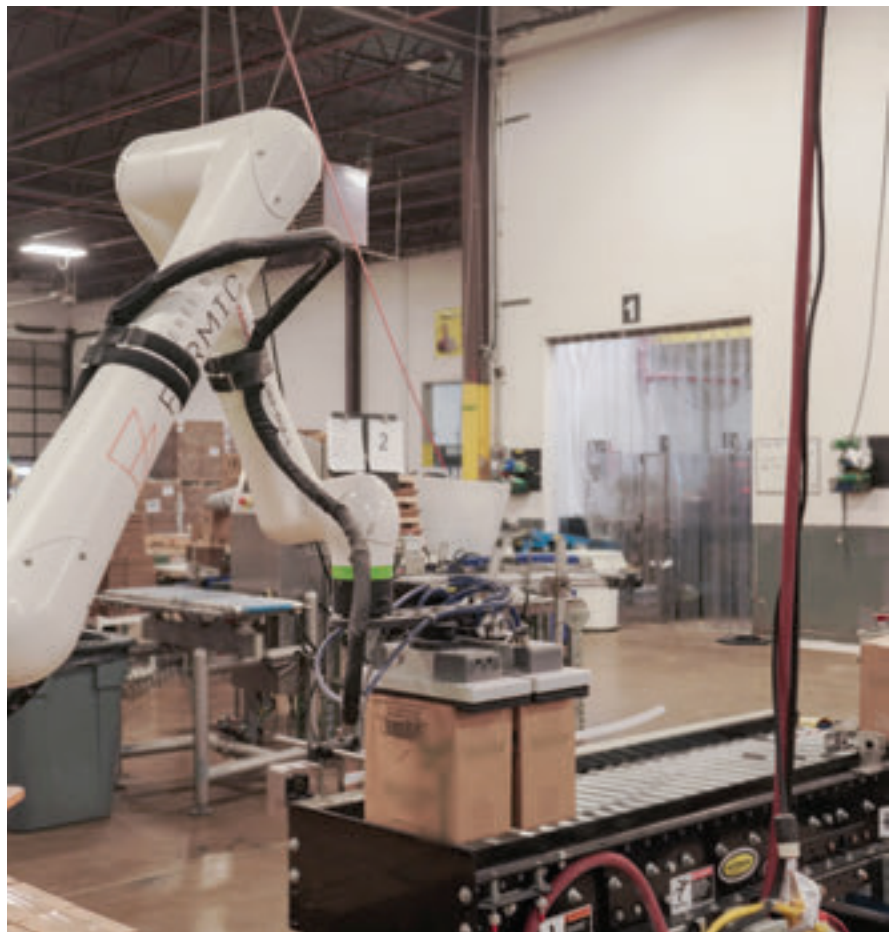
Formic's RaaS solution delivers customized robotic systems from robotic vendors such as Fanuc, Universal Robots, and

Yaskawa Motoman to customers who pay by the hour for usage. The RaaS solution is designed to remove the risk, complexity, and upfront cost usually associated with the technology, and enable small and mid-size companies, such as CM/CPs, to scale their automation efforts to meet supply chain demands without relying on slow capital budgeting cycles.

"We spec the machine, we work with our

builders to design the machine given the CM/CP's available footprint and requirements in terms of speed rates and safety that they might have at their facility," said Misa Ilkhechi, vice president of solutions and partnerships, and co-founder of Formic.

According to Ilkhechi, end-of-line palletizing and case packing are the two areas of automation most adopted by



Formic palletizer in the GreenSeed facility.

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Automation

CM/CPs, followed by other secondary packaging and end-of-line packaging tasks such as shrink wrapping, labeling, and case forming.

Adding cobots on the floor

Formic partnered with manufacturing systems integrator HCM Systems to design and deploy three robots at the GreenSeed facility. The first two are Fanuc CRX10 cobot palletizers installed in a dual setup, allowing operators to switch out filled pallets without pausing production. The CRX10 is a 6-axis cobot with a safety scanner design and built-in safety sensors. These safety features give the cobot a smaller footprint, allowing it to be installed in areas where an industrial robot couldn't physically fit. The cobots are capable of handling a series of multiple SKUs, combined payloads of a variety of weights, and the agreed-upon cases per minute by the client.

The recently installed third robot is a 3-axis Gantry system case packer from Blueprint Automation, capable of providing horizontal pack and vertical pack. The case packer is designed to pack pouches into cases and seal them.

The palletizers were installed during the first quarter of 2022 and will be operational within GreenSeed's facility for a period of five years.

Formic scopes the machines during the process leading up to design and ensures the machines are serviced and maintained throughout the system's tenure in a facility. "Once we install the cobot, we want to make sure that it does exactly what they need. And up to that point, the customer doesn't pay us anything. So we make sure the system is performing to the metrics that we agreed on and we have a checkup every month where we go to their facility to make sure anything that needs to be replaced on the machine is replaced," said Ilkhechi.

Benefits of the new technology

Don Reed, CEO of GreenSeed Contract Packaging, explained that his operators found the cobots to be liberating



Don Reed, CEO of GreenSeed Contract Packaging.



Misa Ilkhechi, vice president of solutions and partnerships, and co-founder of Formic.

because they took on repetitive and tedious labor, freeing up time for workers to focus on elevating operations.

"Our operators are excited to use the new technology because it helps them improve the process and efficiency for our clients," said Reed. "We've built a team of life-long learners and problem solvers. They look at new technology as a means for collaboration and betterment."

Formic engineers remained on site for the first couple of weeks to help the GreenSeed operators adapt to working alongside the palletizing cobots.

"While some in manufacturing look at automation as a threat to human workers, we look at it as a way to help expand the skills for our workers," said Reed.

"This upskilling is the reason we have been able to grow and promote internal staff into higher level and managerial positions."

GreenSeed intends for the technology to make it more competitive and serve as an educational platform for its employees that can help them move into better roles. Following deployment, GreenSeed was able to repurpose line operators, saving approximately 35% a year in labor-related operational expenses and minimizing the company's reliance on staffing agencies. The use of the cobots rather than employees on those parts of the line also eliminates the amount the contract packager would otherwise pay towards benefits and taxes.

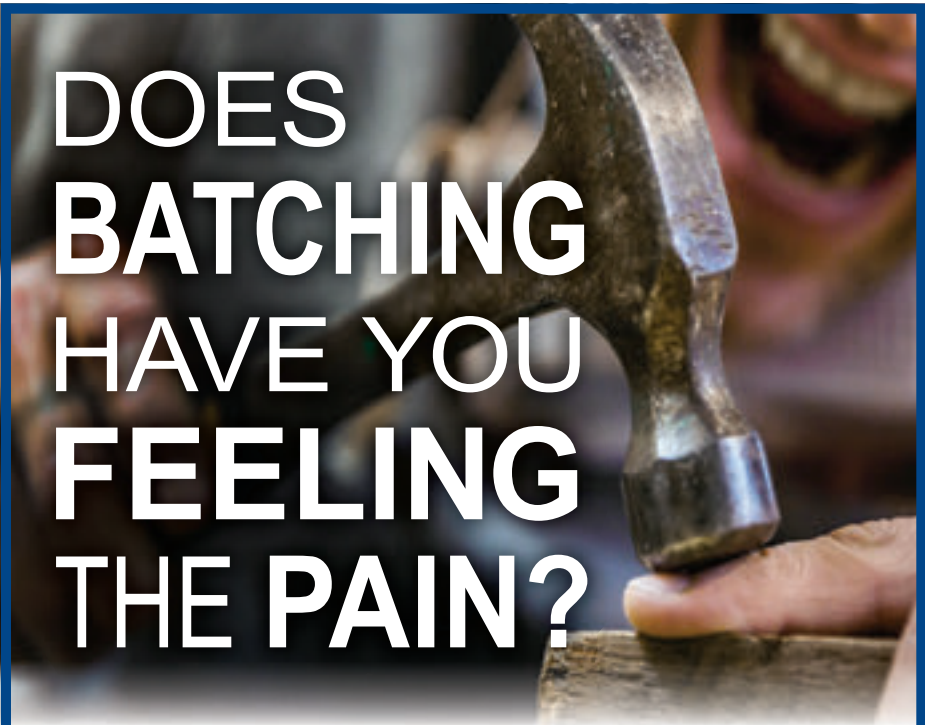
Cobots increased GreenSeed's cost efficiency

Another significant benefit is the consistency and efficiency of the palletizing cobots that could run full time if GreenSeed wished. Reed confirmed the cobots have reduced downtime on the line, which further reduces cost. Additionally, Formic's system only charges for the time the machine is actively in use.

"Our customers don't pay us anything till we install a machine and it is operating based on the metrics we agreed on. And the only payment they have is at the end of the month for the hours that they used the machine," said Ilkhechi.

GreenSeed plans to continue renting for the foreseeable future instead of buying its own robots and hiring the specialists necessary to maintain the machines. That partnership model will allow the company to maintain the flexibility to adapt.

"In any partnership, it's important that you evolve together. Being flexible and dynamic is the key to being able to overcome obstacles now and in the future," said Reed. **CM+P**



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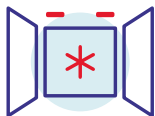


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