

Going All In

One company's choice to bring manufacturing in house...and the equipment-buying decisions involved

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Ask Bruce Barger, director of contract manufacturing at SDC Nutrition in Pittsburgh, how the company has managed to double in size every year since 2009, make headlines in *Forbes* and *Fast Company*, triple its staff, and quadruple the size of its flagship brand over the last three years, and he will answer with two words: "It's simple."

Simplicity is the mantra that drives product development and contract manufacturing at SDC Nutrition. According to co-founder and director of marketing Devenee Schumacher, the company's obsession with simplicity and purity will be obvious the first time you pick up any of the company's About Time products.

"Just take a look at our ingredient panels," she says. "On every panel you'll see a simple, short list of items you can actually pronounce. Health-conscious consumers prefer products that are pure and simple, and with our protein supplement and meal-replacement products, that's what they get."

SDC Nutrition offers complete contract manufacturing services, while it also manufactures and markets its own products in five proprietary brands—led by its flagship brand, About Time. According to Barger, the 50/50 balance between the two sides of SDC's business explains the company's unique perspective on contract manufacturing. "Since we are in the business of developing and marketing fast-growing brands," he says, "we know what it takes to launch a hot product and grow that success internationally. Every contract manufacturing customer of ours receives the benefits of our market and manufacturing savvy."

SDC's branded products are setting an impressive example of sustained success. In the United States, the About Time product line retails through high-volume channels like Whole Foods Market, GNC, Giant Eagle, and Vitamin Shoppe. Internationally, the company says, sales are skyrocketing in more than 2,000 retail outlets and

more than 15 countries, with distribution expected to reach five more countries before the end of 2015.

Meanwhile, SDC's contract manufacturing business is growing even faster. Production doubled during just the first six months of 2015, following a plant expansion in the fall of 2014 that tripled capacity, the company says.

The Decision to Manufacture

"We recognized during our early days what this market needs in a contract manufacturer," says Schumacher. Part of what the company realized, she says, is that there was a need in the market for higher-quality contract manufacturing. According to Schumacher, "Back then, we were relying on others to manufacture our products. We discovered that some contract manufacturers in our industry are focused mainly on pushing volume through their plants, with little regard for the quality and consistency of the final product." This includes cutting

PHOTO COURTESY OF SDC NUTRITION





In SDC Nutrition's new manufacturing facility, this 100-cu-ft ribbon blender handles long production runs of products such as whey protein isolate, vegan protein, and meal-replacement and post-workout blends.

corners on ingredients, she says, and substituting lower-cost proteins or flavors—a fact confirmed even today when the company performs analytical testing on some of its prospective customers' products.

"Awareness of problems like these is growing," she adds. "The FDA is cracking down, and we think that's great for the supplements

The first step was to build a manufacturing model that reflects their passion for purity and simplicity.

"First, we assembled a team of experienced manufacturing pros who share our crazy obsession with quality," says Schumacher. "We collaborated on a production strategy based on current good manufacturing processes.

"With an entire startup plant to equip, we just couldn't afford to buy a new unit," says Schumacher.

industry. With more and more consumers turning to products like ours every day for better health and well-being, it's time for this industry to step up and meet a higher quality standard."

Based on their experience as contract manufacturing customers, Schumacher and cofounder/CEO Sean Marszalek chose to control quality by bringing their production in-house.

Then we gave our team the best equipment we could afford."

Equipping the Plant

Every growing company faces the challenge of acquiring production equipment that strikes the right balance between performance, flexibility, reliability, and cost. Budgeting is always a balancing act. But especially when your company is small

and cash-constrained, something has to give. The question is where a manufacturer places its priorities and where it's willing to compromise.

"Our top priority was never in doubt," says Schumacher. "We wouldn't budge on product quality or the quality of the equipment we'd use to manufacture it. So, we had to be creative about finding and financing the equipment we needed."

Dry blending is the heart of SDC Nutrition's manufacturing process. So, the

company began by buying an 18-cu-ft ribbon blender built by Charles Ross & Son Company, a multinational manufacturer headquartered in Hauppauge, NY. But they didn't buy new, and they didn't buy direct.

"At that point, with an entire startup plant to equip, we just couldn't afford to buy a new unit. We found a company nearby that had been renting an 18-cu-ft blender from Ross. Their business was changing, so we bought their unit and started production."

With the About Time product line taking off, SDC outgrew its first blender in only two years. The team went shopping, and soon SDC purchased a Ross 36-cu-ft sanitary ribbon blender—again, from a company just a few miles away whose production needs were changing.

Process Capacity and Flexibility Drive Contract Manufacturing

"The fast growth we were experiencing put a lot of pressure on our cash flow," says

FIVE WAYS TO BUY A BLENDER

By Chris Ross, Vice President, Charles Ross & Son Company

Looking for a way to optimize production and product quality, most process engineers focus on what's right in front of them: their process line and the equipment they'll need to meet their production goals. But behind every production decision is a business decision that balances operational benefits with up-front costs, cash flow, and capital risk. Smart production choices are matched by equally smart business choices, and to make smart choices you need to know all your options. Here are five ways to obtain the equipment you need, when you need it.

1. New Equipment Purchase, Built to Order

The most obvious way to obtain a blender is to buy it direct from a manufacturer. This gives you an opportunity to customize the design of your blender and control system to match your production environment. It also allows you to test the unit in a laboratory before you buy it to confirm your choice and reduce risk. And, of course, a new equipment purchase gives you a brand new piece of machinery with a warranty, technical service, and all the additional support you may need for control integration and startup.

2. New Equipment Purchase from Stock

If you need more production capacity *immediately*, purchasing a blender that will be built to order may not be your best choice. A new blender built to order is typically delivered in 8–10 weeks following approval of engineering drawings.

You can avoid this delay if you're working with a manufacturer who stocks new equipment for sale. Buying from stock, you may have to compromise on such details as the blender's capacity and the bells and whistles that come with it. But a little flexibility may get you a blender with 90% of the features you're looking for, in just a few days.

Actually, you may not have to compromise for long. Some manufacturers will also agree to provide a new (or used) blender from stock to help solve your immediate need while your new blender is being built, then swap it out later when your new blender is ready for delivery and startup. This is the best of both worlds.

3. Used Equipment Purchase from Stock

Your blender manufacturer may occasionally stock used equipment. Ask for a used blender *built originally by this manufacturer*. Ideally, you want a unit that is fully refurbished to meet its original specs and backed with a strong warranty. No one knows a blender better than its original manufacturer, so this gives you excellent quality assurance.

4. Equipment Rental with Option to Buy

Especially for a small or mid-sized company, the cost of a new blender may seem like a huge commitment standing on a foundation of uncertainty. Are you *sure* demand will continue to grow and justify this new equipment? Of course not. Projections are never 100% certain, so you may want to mitigate this uncertainty by renting the equipment you need instead of buying it.

A trial/rental—in your own plant, using your ingredients, prior to purchase—is also useful to confirm that you've chosen the right blender to buy for your operation.

Look for a rental deal that will give you an option to purchase the equipment when your rental period is over. You should expect to apply a substantial portion of your rental fees toward the purchase.

5. Used Equipment Purchase on the Open Market

Companies on a steep growth curve with many important purchases required to support rapid expansion must decide where to assign priorities and apply precious resources. Often there just isn't enough cash on hand to buy everything they need from an OEM.

The least expensive alternative is to buy a used blender from another manufacturing company or a used-equipment vendor. These units generally come with little quality assurance, but when you're just getting started, compromises are a fact of life.

Be sure to choose a blender that was built by a high-quality manufacturer, and check its service history to make sure it was maintained properly. Look for signs of excessive wear, too, which may give you problems with difficult cleaning, off-spec production, or contamination between batches.



PHOTO COURTESY OF SDC NUTRITION

The quick discharge, easy cleaning, and low risk of cross-contamination facilitated by a sanitary design and finish are especially important for a high-volume contract manufacturer. This blender is also equipped with dust collection to promote a clean working environment for the manufacturing team.



PHOTO COURTESY OF SDC NUTRITION

The ribbons in this sanitary blender are pitched and precisely positioned relative to one another to generate vigorous flow, both radially and axially.

Every growing company faces the challenge of acquiring production equipment that strikes the right balance between performance, flexibility, reliability, and cost.

Schumacher, “so we were again obliged to buy a used blender instead of a new one. It doubled our capacity and allowed us to ramp up our contract manufacturing.”

Contract manufacturing at SDC Nutrition is guided by the same values that guide production of the company’s proprietary products. “We specifically look for customers who are focused on the same values that inspire us,” says Barger. “Simplicity, purity, quality, honesty.”

The company’s formula for contract manufacturing seems to be working. According to the firm, more than 30 likeminded customers have flocked to SDC so far, and since they began contract manufacturing in 2010, the company has never lost a customer to a competitor.

The fast turnaround SDC delivers requires the flexibility of two blenders working in tandem, says Barger. “We recently had Ross build us a brand new 100-cu-ft sanitary ribbon blender to boost our capacity and complement our 36-cu-ft blender. Long runs of products such as whey protein isolate, vegan protein, meal replacement, and post-workout blends go to the larger blender. Short runs go to the smaller blender. Both are sanitary and easy to clean, so discharge and changeover are very fast.”

What’s next for SDC Nutrition? “Having received cGMP certification from NSF, we’re now ramping up production for additional contract manufacturing and proprietary manufacturing aimed especially at the Latin American market,” says Barger. “All ahead full!” ■

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