

# Simplifying a Complex Category: Packaging

By Susan Avery – My Purchasing Center

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For years, procurement teams have had to do more with less. Now cost savings from categories they have sourced previously are beginning to decline. Most companies are not increasing procurement's operating budget or staffing levels. What's procurement to do?

One option is for procurement teams to dig deeper into categories they now manage or take on responsibility for categories they haven't already approached strategically, a choice that can be difficult for some whose resources are already stretched. Another option is to completely outsource management of the entire category.



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"It's very hard for a company to bridge every aspect and manage total cost at the same time," says Patrick M. Garvey, Vice President of Packaging at [Paladin Associates](#), a sourcing services company. Garvey, who has 30 years experience in the packaging industry, and is a certified packaging consultant, leads Paladin's packaging practice which helps companies strategically source packaging and related materials and supplies.

Every company that manufactures a product uses packaging; packaging helps in marketing, protecting, and ultimately shipping the item to the customer--be it another business, a distributor, retailer, or the end consumer. Yet many manufacturers do not consider packaging to be a core competency. And, in recent years, companies have significantly reduced internal engineering and design resources assigned to packaging and have come to rely on packaging suppliers for their expertise.

Sales and marketing, engineering, procurement, manufacturing and shipping all have a say in the packaging that a company ultimately selects for its products, Garvey explains in an interview with *My Purchasing Center*. In many cases, the customer--especially retail businesses--also play a role in the decision-making process; they have opinions on shelf space requirements and attractiveness of the packaging to the consumer, for example. And, there are issues related to disposal or recycling and reuse of packaging that the manufacturer needs to keep in mind when designing and sourcing packaging.



“Someone in the company needs to understand the total life cycle, from cradle to grave, what needs to be done to have a successful package surround the product to meet the client’s needs, whether the manufacturer is shipping the product to another business, a retailer or consumer,” says Garvey.

*“It is very important to have the best possible packaging at the best possible cost.”*

While Paladin has always assisted [clients](#) who need help sourcing packaging, Garvey now leads the packaging practice that he says can help procurement teams drive costs out of every step of the process to package a product within a manufacturing plant.

Through the practice, Garvey and his team can provide a manufacturing company looking to strategically source the category with a savings estimate--a thorough analysis of its spending on the packaging they use to ship their product with recommendations for reducing the cost.

They can draw up a plan for how they would source the category using the packaging specifications the company is currently using. Paladin bases fees for this service on the savings realized by its client.

To help procurement teams better understand a manufacturer or distributor's outsourcing of its packaging, Garvey likens it to services provided by companies to manage an organization’s payroll, another category that’s complex and not considered a core competency. Packaging, he says with an eye to the future, “is where payroll used to be.”

## Challenged by Cost? Consider Co-Sourcing.

While digging deeper into current categories or strategically sourcing new categories is a response to management’s directive for procurement to add more value to the organization, some teams simply may not have the skilled individuals to take on the responsibility.

Sourcing services like [Paladin Associates](#) can help. Paladin has a Co-Sourcing program that provides companies with subject matter experts for various categories like packaging and works with current procurement staffs to augment and enhance the procurement’s team reach, depth and scope to reduce costs.

Packaging is complicated and always changing, with new products and technologies introduced at a rapid rate. Paladin's services can help a manufacturing company right size requirements for corrugated, chipboard boxes, wood, plastics, films and void fill and provide protection for the product.

As such, Paladin has helped procurement teams realize double-digit savings, less labor intensive packages, reduced freight costs and a more streamlined process.

For more information on Paladin’s Packaging Practice, contact Pat Garvey, Vice President of Packaging, by email at [PGarvey@PaladinAssociatesInc.com](mailto:PGarvey@PaladinAssociatesInc.com) Tags: *purchasing Category management Outsourcing Supply chain management Procurement commodities sourcing packaging*



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