

Working with CMOs to Get the Best Value in Your Product

by Michael Finamore

HISTORICALLY, A BRAND OWNER/

own-label distributor's marketing or science team would create or design a product for the brand with no input from a contract manufacturing organization (CMO) about whether such a product could, in fact, be manufactured. This is an area where a partnership and cooperation between a CMO and brand owner/own-label distributor can help deliver those projects on time and within budget while achieving the quality and service the brand owner/own-label distributor expects. In this changing regulatory landscape, it is more important than ever for the brand owner/own-label distributor to work with the CMO through all stages of product development and manufacturing to ensure these projects become a reality.

This partnership or cooperation begins with the marketing/design team of the brand owner/own-label distributor working with its chosen CMO as early as possible in the development process. Once the idea for the product is germinated, the CMO has a team of personnel in its engineering and R&D departments that can help the marketing/design team of the brand owner/own-label distributor to appreciate the manufacturing or supply challenges involving a product or ingredient. For instance, these conversations would deal with raw material selection, potential manufacturing issues, selection of dosage form most optimal for the ingredient mix, determination of tablet or capsule size, and any other ingredient-specific issues that may pose a challenge to this successful development of the item. In that way, the marketing/design team would have a clear understanding of exactly what they would be able to present to their customers and confidence that the product as ultimately designed would meet their expectations.

A second point of cooperation involves the evolution of the product. With the changing regulations in the nutrition industry, no longer can a product be

developed over a long lunch; rather, it involves the creation of bench-top samples, scale-up blends (which are required by the manufacturer to demonstrate its ability to reproduce the product on a continuing basis), and prototypes from initial batch manufacture. This process, where there are always some adjustments needed, offers the brand owner/own-label distributor the ability to participate in the evolution of the product from concept to reality. It also may provide them with physical samples of the product to help with their marketing and sales presentations. While in most cases products that are produced throughout this process are unavailable for sale, they should offer a fair representation of the final product that will be produced. It will also enable the manufacturer to have a better understanding of the item and begin the required testing as soon as possible.

The third area for cooperation is in the creation of master product specifications for the dosage unit. Gone are the days when the paperwork and lab testing would follow the production of the product; now it is required that these specifications are set contemporaneously with the production process to ensure there is oversight from both the CMO and brand owner/own-label distributor at every stage of process. Commonly, this would call for scheduled meetings between different team members of the brand owner/own-label distributor and the CMO at key points in product development. This integration and communication is critical to move the project forward. While some in the supplement industry are still resistant to these processes as they fear all this poses an unnecessary time constraint, this transparency and accountability will ensure the product is made to cGMP (current good manufacturing practice) standards and meets the end customer's expectations.

Of course, price, service and quality are all integral parts of the CMO and brand

owner/own-label distributor relationship. Regulatory compliance requirements have only added costs to the process. The additional testing and documentation required to produce a dietary supplement has grown substantially over the past few years. In all cases, the integration of the staff of the brand owner/own-label distributor into the CMO's development process leads to a thorough understanding of what is required and involved in making the product. This cooperation leads to a better idea of the actual costs of the product, enabling the brand owner/own-label distributor set a price point in relation to the true costs it must pay for the item.

As a result of this cooperation, the CMO can help the brand owner/own-label distributor understand where increased value can be realized and/or savings can be obtained. For example, optimal batch quantities, product testing and demand forecasting can help the brand owner/own-label distributor understand the "sweet spot" of this particular product for the CMO. In the end, there is no substitute for the integration of the CMO into the brand owner/own-label distributor product creation and design process as early as possible. Not only will the teamwork provide a clear development process which meets all regulatory requirements, but also ensure that final product provides optimal value to the brand.



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