

## CONTRACT INGREDIENT BLENDING Review Process and Pricing Considerations

### REVIEW PROCESS

- 1) The first step is to learn about the materials that you need blended so we can determine if it is a good fit for our facility. Please note that we cannot blend alcohol based products, products that need to be frozen, or products that might have a negative impact on our facility (i.e. have a strong odor).
- 2) Next, we will require **detailed formulation information** and **a few pounds of each ingredient required**. We also require **Specification Sheets** and **MSDS sheets** for all ingredients supplied. If you require a Confidentiality Agreement, please submit one to us ASAP. We can provide a generic agreement if don't have an agreement available.
- 3) If possible, **an actual sample of the finished blend** should be provided so we have an idea as to the characteristics of the finished blend.
- 4) Provide an estimate of how much material you would want us to blend at any one time (this is very important).
- 5) Once we have all of the ingredients and documentation, our lab will produce a sample blend based upon your formulation. In doing so, we will be able to estimate the labor and materials required to blend and package your product.
- 6) We will then provide you with a price quote based upon your formulation and your projected volumes.  
Note: If we later determine during an actual production run that our actual costs are less than we anticipated, or if we develop less expensive manufacturing methods over time, we will lower our pricing accordingly.

### PRICING CONSIDERATIONS

#### 1) **THE ACTUAL INGREDIENTS USED**

#### 2) **WHO SUPPLIES THE INGREDIENTS**

In general, for ingredients we purchase in bulk for our regular products, it would usually not make sense for a customer to supply us with the same material.

For ingredients that we do not stock for use in our regular products, it probably makes more sense for the customer to supply these ingredients.

#### 3) **THE BATCH SIZE & BATCHES PER ORDER**

In general, the larger the batch size, the lower the price per pound. For example, the total labor to produce 500 pounds of product is not much greater than the total labor to blend 50 pounds of material. Set-up, weighing the ingredients, quality control, packaging clean-up and paperwork are not significantly impacted for smaller batch sizes. But, when you divide the total labor cost by the number of pounds produced, it can have a significant impact on cost.

Plus, if we can make multiple batches of the same product without having to do a complete wash down in between each batch, the labor cost per pound can drop quite a bit.

#### 4) **LABOR**

The amount of time it actually takes to blend and package a batch. Some blends require only minutes of machine time. Others take hours.

#### 5) **PACKAGING**

The type of packaging required. For example, a Liquid product packed in 1 gallon jugs would have a higher unit cost than a Liquid packed in 55 gallon drums.

#### 6) **ANALYTICAL ANALYSIS**

Based upon the customer's requirements. We send all micro testing to outside labs, so any costs associated with specific tests required would be based upon the actual lab costs.