

2010 OREGON MANUFACTURING AWARDS

Manufacturing Company of the Year – *Small Company Winner (less than \$10M in revenue)*

Gain in efficiency boosts Canby's Package Containers

BY MONIQUE BALAS/ CONTRIBUTING WRITER

Until Package Containers Inc. replaced its leadership three years ago, things had gone pretty much the same way since the company opened in 1947.

The Canby company, which manufactures paper bags and wire ties found at grocery giants such as Albertsons and Wal-Mart, was experiencing stagnant sales and steady losses.

"For the company to grow and survive and prosper, things had to change," said CEO Robert Degnan.

The company's board of directors brought on Degnan and Director of Operations John Stupfel in 2007 to make those changes.

Degnan comes from a consumer goods marketing background at large corporations like Carnation Co. and Smucker's. Stupfel worked locally in manufacturing operations. The two met in Oregon when both were small-business consultants.

Thanks to the changes they've made to restructure operations and reorganize the business, Package Containers' sales jumped from \$7.54 million in 2007 to \$9.45 million in 2009, a 25 percent increase. Sales this year are expected to approach \$10 million.

The first thing Degnan and Stupfel noticed was the company was making short runs of lower numbers of bags. Changing the machine for a new run can take between one and four hours, downtime that can reduce production by 8,000 to 10,000 bags an hour.

"We realized we only make money when the machines are running. We can't charge people for the time it takes to change over the machines," Degnan said.

They worked with paper suppliers to expand the diameter of the paper rolls by several inches and elevated the machines to fit the larger roll. By stopping less often to replace the paper and using larger rolls, the number of bags per roll increased by nearly a third.

The new leadership worked with some of the larger seasonal customers to pre-produce some of their orders to enable longer runs, storing the



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Under CEO Robert Degnan, Package Containers adjusted its machines to accommodate wider paper rolls.

Package Containers Inc.
HQ: Canby
Employees: 55
CEO: Robert Degnan
Revenue: \$9.5M

extra bags until they were ready for use.

The company's own staff increased color capability on the machines from two to three colors, giving them a better print quality and a brand advantage. And they engineered the cut tie ma-

chines to produce twice as many ties at once.

"There was an expense to that, but when we looked at improvements, that expense was going to be offset within two weeks of operations," Stupfel said.

A collaborative design process involving the company's internal art department, customers, ink vendors and the flexographic plate suppliers allows everyone to weigh in on special projects.

The renewed emphasis on brand-building and design elements resulted in signature products such as the distinctive pink-and-yellow Susan G. Komen-themed "Pears Care" bag.

To ensure sustainability, Stupfel worked with

paper suppliers to make sure Package Containers' processes and machines can operate with recycled materials.

Aside from looking externally at customers and vendors, Stupfel and Degnan also looked within. They established a training program for the workers operating the machines. A grant from the Workforce Investment Council of Clackamas County enabled lead floor workers to attend a leadership training program through the Canby Manufacturing Association and Clackamas Community College.

In an economy where layoffs have become run-of-the-mill, Package Containers increased its work force by 10 percent, said Business Development Manager Kellee Harris.

They added a swing shift to meet peak demand in summer and fall, and have been able to avoid seasonal layoffs even during slower months.

"It's an ongoing thing," Degnan said of improving the company. "If we're here 10 to 20 more years, we'd still be working on it every day."