

# The big bag theory

Innovative chief executive changes the fortunes of Canby's Package Containers

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Three years ago, Package Containers Inc. had mounting losses, an unhappy work force, and a new CEO determined to change it all.

Today, the Canby-based maker of paper bags and wire ties has not only increased its payroll by 10 percent to 63 employees, but it's squeezing more profit from every sale.

All Robert Degnan had to do was find more ways to use a paper bag.

"Our biggest single challenge has been to separate ourselves from being a commercial business to a value-added business," said Degnan, CEO of Package Containers.

That may sound like business jargon, but in the case of privately held Package Containers there's a simple translation: A company that was once a simple bag- and tie-maker is now a hybrid manufacturing, design and marketing firm.

Before, its paper bags — like its popular single-strap totes used at deli counters and produce aisles — were offered mostly in generic designs. Under Degnan, the company has flexed its design and printing muscles to offer more customizable products.

Organic apples sold by the Disney Garden brand, for example, feature images of Winnie the Pooh carrying apples. Smaller growers can now market their products in brands featuring their company's imagery. Bags meant to tote bananas from the store feature recipes for banana bread.

The same is true for the company's wire ties. A product used principally to bind fresh produce like broccoli or kale have been rechristened "identi-ties" and "adver-ties" by Package Containers.

"They're being used for instant displays," Degnan said.

Under Degnan, the company has also emphasized sustainable products, including a line of compostable products made with recycled materials.

John Kalkowski, editorial director of Illinois-based trade magazine Packaging Digest, said grocers are looking for new avenues to market product, especially locally grown produce.

"A lot of people look at (paper bags) as a greener product," Kalkowski said. "I think there are a lot of opportunities now for smaller companies to build their brands and they have to use every medium available to them, and (bags) are one way they can do that."

Package Container's sales this year are expected to reach just under \$10 million, up from around \$8 million when Degnan took over.

Much of that comes from the company's efforts to increase efficiency throughout its manufactur-



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Package Containers CEO Robert Degnan has promoted sustainability and expanded the company's product line since taking over three years ago. Sales this year are expected to reach about \$10 million.

## PACKAGE CONTAINERS INC.

**CHIEF EXECUTIVE:**  
 Robert Degnan, CEO.

**WHAT WE DO:**  
 Manufacturer of paper and poly bags.

**LOCATION:** 777 N.E. Fourth Ave., Canby, Ore., 97013.

**CONTACT:** Phone: 503-266-2721, or 1-800-266-5806, or e-mail at sales@packagecontainers.com. On the web at www.packagecontainers.com

quicker turn-around times.

The internal work environment has also improved. Degnan said he took over at a time when the company's union work force was at loggerheads with management.

Degnan — a former sales and marketing executive with major food brands Carnation Co. and Smucker's — said part of Package Container's growth will come from finding even more uses for

ing process.

"We're constantly looking at areas where we can improve," said John Stupfel, the company's director of operations.

Package Containers employees re-engineered some of the company's aging manufacturing equipment, which Stupfel said could lead to doubling production capacity.

The company has also worked with some larger customers to produce as much as 70 percent of their annual bag orders in advance. That way the company has bags in stock rather than manufacturing as needed, allowing for

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**Robert Degnan**  
 Package Containers CEO

its bags.

One idea he's investigating is developing a brown-bag lunch concept the company could market to convenience stores. The company is also trying to expand distribution.

Package Containers owns an operation in Chicago that is principally a reseller of polyethylene plastic bags. Degnan hopes to expand the operation into the company's Midwest distribution center, making use of access to low-cost rail transport.

Degnan said the company will explore additional distribution centers or even acquisitions of regional competitors to solidify its national distribution.

But Degnan is careful to mix a dose of caution in with his optimism over the company's growth potential.

"We'd rather growth carefully and stay, than grow fast and contract," he said.

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