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Finding The Right Manufacturer For Your Brand



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Many founders start their beauty brands in the kitchen. They whip up formulas from scratch, making products based on demand from friends and family. While that may be a noble beginning, there comes a point when the demand increases and concocting everything from the comfort of home is no longer manageable. That's when a manufacturer should enter the picture.

Manufacturers help bring a founder's vision and products to life, often from ideation through production and launch. They streamline the process for brands, navigate tricky steps like product safety and compliance, and can facilitate a higher return on investment.

Having a reliable and trusted manufacturer is critical to producing successful merchandise with as few headaches as possible. The COVID pandemic and subsequent supply chain challenges have reinforced just how key a strong

manufacturing partner is to avoiding costly disruptions. Finding the right one, though, isn't always an easy task.

There are several factors to consider before securing a manufacturer such as product development needs, expense and location. In this white paper, we will go over what to know when searching for a manufacturer, the questions to ask a potential manufacturing partner, cost and timeline expectations, and the right manufacturers for different business models.

Part I: Understanding Production Needs

Identify The Business Model And Distribution Channels

Founders should think about presenting a brand deck or business plan to manufacturers, including details about the cost of goods. According to Sara Turchetta, the Vice President of Private Label at Europelab, this information is crucial because it helps manufacturers decide what to do based on the brand's fundamentals. Turchetta explains that factors like budget, investment preferences, and growth vision all come into play when determining the best operational and investment solution for the brand.

If a brand is focused on mass-market retail or direct-to-consumer distribution, Turchetta suggests skipping ready-to-market white-label solutions and opting for custom or semi-custom manufacturing, which are more common in the retail industry.

On the other hand, if founders have a med-spa focus and want to increase profit margins while competing with mainstream brands that undercut their business, white label is usually the best way to go. As Turchetta puts it, "In that case, they're often just starting out catering to their own pool of clients. They seek out product solutions that are driven by efficacy to meet their clients' needs."

The manufacturing approach can differ depending on whether a brand is already established or just starting out. Turchetta estimates that Europelab's clients are split pretty evenly between these two groups, but she points out that there has been a significant increase in startups in the last couple of years. Established brands usually reach out when they're launching new products, improving existing ones, or scaling up their operations.

Europelab provides ongoing consultation to help founders decide on their next move. Their team includes project managers, researchers, formulators, dermatologists, and medical aestheticians who work closely with project managers at every stage of the brand's journey. Turchetta says, "We essentially become very intimate partners with them. We're part of that journey, and we're part of their success."

Set The Kind Of Products That Will Be Manufactured

It's up to founders whether they go with ready-to-market solutions or develop new formulas and customized packaging. There's a perception that custom formulations trump white-label ones, but Turchetta underscores that that's not always the case.

"What really matters is who you work with and the expertise of the formulators, the chemists, the kind of technologies they use and the formulation capability that a lab has," she says. "People may judge the white labeling when those formulas may outperform the one that you're trying to custom make."

Plus, for timeline and budget purposes, custom and semi-custom approaches take longer and cost exponentially more. With a ready-to-market solution, founders can commercialize their brand in four to six weeks. A custom approach takes closer to 12 months, if not more. In both cases, it's important for founders to have realistic expectations. Turchetta says, "There will be surprises, and the timeline will be affected."

Oftentimes, there are delays on the brand's side during the approval process. Formula evaluation can influence timelines significantly. Each iteration done causes delays that can last months. Patience and effective communication are essential.

Brands can begin with ready-to-market solutions and shift to custom solutions down the line. A founder focused on med-spas, for example, may want to capitalize on demand and select a ready-to-market solution as a jumping-off point and in tandem develop a custom formula or introduce custom formulations as the brand grows.

"Oftentimes, we do work on projects that are in combination of having those two solution scopes, and they're done in different times," says Turchetta. "The timeline with custom is almost a year plus, so it allows for enough time to work on something before you're even ready to place your PO [purchase order]."




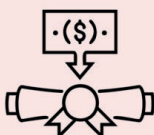


Brands can mix and match custom and white-label formulas within a collection. Serums and creams could be custom, for instance, and cleansers and toners could have ready-to-market formulas. Budgets and timelines will

likely play a role in the mix brands settle on. “Rinse-off products are a great way to capitalize on some ready-to-market formulation options,” says Turchetta, noting that packaging can be switched up to stand out when choosing a stock formula.

Establish The MOQ Threshold And Budget

Minimum order quantities often start at 5,000 to 10,000 units per stockkeeping unit, but they can rise to 30,000 units per SKU and above. Europelab’s is on the lower end of the spectrum. Its MOQs are 36 to 100 units per SKU for in-stock solutions and 1,500 units per SKU for semi-custom and custom. From an inventory risk and budgeting perspective, the lower MOQs are preferable. They also allow for testing and soft product launches that don’t break the bank.

Solution Scope

	In Stock	Semi-Custom	Custom or Contact Manufacturing
 Minimum Purchase	36-100 units per sku	1,500 units per sku	1,500 units per sku
 Investment	5k-20k	25k-100k+	30k-100k+
 Ingredients	4-6 weeks	6-9 months	9-12+ months
 Additional Fees (i.e. Stability & Compatibility Tests)		 fees applicable	 fees applicable

Founders early in the history of their brands electing for low MOQs should weigh their businesses' long-term trajectories. It's advantageous to have a manufacturer that, on top of handling low MOQs, has significant production capabilities to account for growth of a brand. Europelab can produce around 30,000 units a day.

Think About Location

Founders might want to consider a manufacturer that's local to them and easy to access. An accessible location can have an impact on lead times, logistics and cost. Turchetta recommends looking at neighboring countries as well. Sometimes, they can work in a brand's favor. Europelab is based in Canada, but has a warehouse and logistics facility in the United States as well. Europelab works with Export Development Canada, which allows brands outside of Canada to get financing when partnering with Canadian businesses.

A contract manufacturer in a different country can be beneficial for brands interested in expanding to international markets—and it can be beneficial from an environmental angle, too. "Let's say you're a U.K. brand or you're a brand in any European country, but if you're penetrating the U.S. and Canadian market, you have to ship your products across the ocean," says Turchetta. "Finding a local manufacturer to facilitate that can help reduce not only your carbon footprint but your transportation costs."

Part II: Evaluating Manufacturers

Do Research Ahead Of Time

Founders can search for a manufacturer a number of ways. They can conduct Google searches, read trade publications and speak to seasoned founders. Once they've gotten a handle on the manufacturing field, they can reach out to manufacturers on their websites or cold call them to obtain information. Europelab invites founders to fill out a project brief form detailing the vision of their brand and requirements followed by a consultation.

Turchetta suggests doing desktop research about each facility and making a list of questions to ask them. "If I were

to launch a brand, man would I do my homework before knocking on anybody's door," she says. "Part of that is the kickoff consultation, but having a high-level understanding of different manufacturers is part of vetting who you should partner with before that initial meeting."

Consider Certifications And Quality Control Processes

Late last year, the Modernization of Cosmetics Regulation Act (MoCRA) passed in the U.S. It will mandate manufacturers and processors to register facilities with the U.S. Food and Drug Administration and renew that registration every two years. Select manufacturers will have to adhere to good manufacturing practices (GMP).

Quality control is a critical aspect of the manufacturing process and ensures products are safe to use. Many manufacturers today may be compliant with GMP standards but are not certified. Europelab is a GMP-certified facility through Health Canada. ISO 9001 and ISO 22716 are other international certifications that ensure a manufacturer has a quality management system in place to meet global standards.

Founders may want a manufacturer with other verifications or certifications validating their brands' vegan, cruelty-free or organic stances. Europelab is certified COSMOS by EcoCert Greenlife for the last 15 years, to guarantee organic ingredients, responsible use of natural resources, green manufacturing processes and environmentally friendly packaging, among numerous stipulations.

Turchetta says, "What we do beyond providing manufacturing services sets the tone and the know-how in the way we can come in to help brands formulate products that are not only innovative but that fall within a certain category, if they wish."

Look At The Markets Served And The Perks

In an initial consultation, Europelab and founders explore what markets their brands serve or are hoping to serve in the future. The markets can affect the ingredients Europelab recommends and being aware of them can put brands ahead of the game in terms of business strategy support and formulation innovation.

Turchetta says, "If the manufacturer works with brands in

different types of markets, then not only do they have an insight as to what that market is looking for on a consumer level, but also on a regulatory level as well.”

Europelab offers brand consulting at the start of a partnership and on an ongoing basis. Consultation can encompass formulation, product development and regulatory guidance. Turchetta says, “Founders should seek out a partner that goes beyond providing them with manufacturing or formulation development services, but acts more as a strategic business partner that will consult and advise them through their journey to help scale their business.”

Other manufacturing perks can include in-stock packaging, marketing assistance, sampling, on-site stability and compatibility testing, and a team of researchers and chemists. They will likely carry further costs, but having them available from a single organization can streamline the launch process.

Partnership Dos And Don'ts

Europelab finds clients through consultations and inbound inquiries. It also has a team that seeks out prospective brands that match up with its mission and capabilities. “Everybody out there in terms of manufacturing has their strengths and the type of clients and brands they wish to

work with,” says Turchetta. “We want to work with the brands that are aligned with what we represent on a manufacturing standpoint, whether it be the fact that we’re COSMOS-certified, our continuous and heavy investment on Research and Development or our approach to formulation.”

She continues, “We really want to work with brands that we feel connected with and that we can help scale by offering our expertise at a higher level in terms of consultation and product development.”

A red flag for Turchetta is project briefs that aren’t clear or entirely filled out. “If you cannot fill it out, that means you’re still missing something on your side, whether it’s to do more research, whether it’s to go back to your business plan. If you don’t know your cost of goods already, that’s a major red flag to me because that means you didn’t even do your market research,” she says. “For us to see that there’s a seriousness and due diligence that’s been done, those are the kind of things we like to see to evaluate if they’re the type of brand we want to work with.”

Founders should approach meetings with manufacturers with the same professionalism they would an investor pitch. Turchetta says, “We’re not financially investing in them, but we are investing on different levels. We’re investing our time, and we are investing our resources to help them.”



Questions To Ask Manufacturers Upfront

GENERAL

How many years of experience do you have?

A:

What general expertise do you have?

A:

Do you work with universities, chemists or other institutions or professionals?

A:

Where can the products that you make be sold?

A:

Do you offer sampling?

A:

Do you offer marketing tools?

A:

What is the scope of solutions you offer?

A:

FORMULATION AND INGREDIENTS

What are your formulation capabilities?

A:

Do you have certifications?

A:

Do you have an in-stock ingredient library readily available?

A:

What are the in-stock formulas formulated with and without?

A:

What is the minimum order quantity for each SKU?

A:

What is the breakdown of costs?

A:

Can a brand's intellectual property be purchased?

PRODUCTION

What's the scalability of your production?

A:

What manufacturing equipment do you use?

A:

What types of packaging do you have available?

A:

What testing do you provide?

A:

TIMELINE

How soon can a customized product line be launched?

A:

What are potential delays that might arise?

A:

Print off this list to have on hand when meeting with potential partners.

Part III: Manufacturing Case Study

Two brands, Ember Wellness and Protéger, shared with us how they searched and nailed down their manufacturer. Rooted in their experiences, their founders have recommendations for others embarking on similar journeys.

Protéger founder Peter Clarkson began his hunt for a manufacturer with a Google search. Ember Wellness founder Amanda Schuler had a more hands-on tactic. “I literally went to a health food store and started looking at the backs of packages to find out names and reverse looked up people to see who was out there in the market,” she recalls. “And then I started making phone calls.”

Both brands ran across Europelab at trade shows. Clarkson has been working with the company for four years now and Schuler for one. Clarkson appreciated that Europelab is female-owned and -operated, and was the least “schmoozy” and pushy of the manufacturers he and his business partner vetted. He says, “There were definitely a few men stateside who, when trying to sell their services to us, were very used car salesman about it.”

A lot of founders jump into the beauty industry without a background in beauty, Clarkson notes, and it can be hard from them in particular to decipher what’s considered standard in the industry. “You really have to go with your gut as to what’s fair and what isn’t fair and what makes sense and what doesn’t make sense,” he says, adding bluntly, “You have to sift through a ton of bullshit.”

Proximity proved to be vital for Schuler, who runs and operates Ember Wellness in Toronto. Europelab is headquartered in Quebec, an hour flight away or about a four-hour drive from Toronto. Schuler says, “Once things start moving and you need to be producing and moving goods to your facility for your 3PL, having that proximity makes a lot of sense.”

Schuler also partners with another lab located about 25 minutes away from Europelab. Having two facilities located close was very much intentional. She says, “Proximity of each lab to one another, just for efficiency’s sake, was an important criteria for us.”

Along with phone calls, Schuler made it a point to visit manufacturers in person to assess them. She advises other founders to do the same when possible to get to know the facility and its staff. “Basically, you are doing an assessment of their premises and figuring out if you are comfortable with the way they do business,” she says. “You’re going to get that gut instinct fit-feel by visiting them a lot better by doing it in person.”

Schuler and Clarkson were both looking for a manufacturer that delivered custom solutions. Schuler says, “If you are able to formulate and work with me and my vision to create something new and fresh and if that perked up their ears and made them say, wow, this sounds like a fun challenge, I knew it was the perfect fit.”

Ember Wellness sells everything from face oils to a rejuvenating light therapy mask. The product that’s really given the brand wings is its Sculpt & Glow solid moisture bar. Schuler tapped Europelab’s melt-and-pour technology to produce the product. She’s releasing two new versions of it this summer. She says, “It’s been such a great product for us and not every single manufacturer, if I brought that to them, would even entertain that concept.”



Ember Wellness’ The Sculpt & Glow Bar is a three-in-one zero-waste bar that sculpts like a gua sha, hydrates and protects the skin’s barrier, and imparts a subtle glow thanks to sustainably sourced mica.

Schuler appreciates that Europelab is ready, willing and able to take on challenges. “Are they willing to be creative? Are the scientists willing to get a little bit experimental when it comes to creating the formulation?” she says. “That is a huge criteria for us as we try to really try to make some really unique products.”

Protéger sells a single product, Dermal Sérum, which took close to two years to finalize. The brand dealt with ingredient price fluctuations and delays in the development process as it cycled through interactions, but Clarkson regrets nothing about the methodical process and pace.

“I don’t think we would change anything about how careful we were when creating our formulas and when to roll them out,” he says. “And based on our having zero returns, five-star reviews and glowing mentions from beauty editors at most major publications, it was worth it.”

The luxury skincare brand is releasing three products later this year that were formulated in a similar manner. “So many other brands launch right away with a full line, and that’s great and wonderful for them, but I only want to bring products to market that are meaningful and really useful and versatile and don’t create more clutter in your life and more confusion,” reflects Clarkson. “It’s like the Cheesecake Factory menu, you can’t be good at everything.”

Owning the intellectual property (IP) for their brands’ formulas was huge for Schuler and Clarkson. “If a lab is not able to offer that, then that would be an immediate no for us,” says Schuler. “We want to work in conjunction with the lab.” If a lab is unwilling to sign an NDA regarding a new ingredient or innovation, Schuler says that would be a no-go for her.

Clarkson has heard nightmare stories about brands

having to pay a boatload to labs for their formulas after the labs have been acquired. “You have to, as a brand, protect yourself and have the mentality of if and when this brand blows up, we need to own this formula,” he says. “And also make sure that they don’t just say, ‘Yeah, of course that’s an option.’ Know exactly how much it’s going to cost to buy that formula. Just get the deal done out the gate if you have enough liquidity.”

Ember Wellness was big on having a manufacturer that could meet the brand where it was at the beginning as well as grow with it as it scales. Schuler says, “You don’t want the manufacturer to be so small that when you scale and you need quantity, that they can’t actually help you with that, but you don’t want them to be so big that your MOQs are so high.”

Schuler values Europelab’s competitive MOQs, especially at the outset. Having low MOQ’s, she says, spreads “the risk between a couple of different SKUs to make your life that much easier and make your dollar stretch.” Ember Wellness currently sells via DTC distribution and recently signed on with Formula Fig as its first wholesale partner.

Protéger is optimistic about its growth domestically and internationally. Having the capability to stretch abroad was a must for the brand. Clarkson says, “The fact that Europelab’s formulas are all going to be EU compliant as well as certified by Health Canada, that meant a lot to us because, ultimately, we want to have an international presence, and we wanted to adhere to those much higher standards than we have here in the U.S.”

In the end, Clarkson and Schuler discovered that nailing down the right manufacturer isn’t simple and the process should be approached with the utmost care. Schuler concludes, “It’s a bit of an art and science.”

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With more than 30 years of expertise in formulating premium skincare products, **Europelab** offers a wide range of innovative and high performance formulas that meet current industry trends and standards. Their laboratory is committed to selecting high-quality raw materials. Each ingredient is carefully selected in all its integrity to deliver visible and long lasting results. Their plant extracts and essential oils come from organic agriculture, grown without pesticides or herbicides. [Learn More >](#)