

Outsourcing

Establish value surrounding our customers and prospects folding carton needs by partnering with suppliers to provide all services needed to manufacture folding carton projects

Outsourcing Team

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Team Leader

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Marketing

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Purchasing

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Team Process

- Reviewed current situation
- Create Supplier list with capabilities, contact information and hyperlinks to websites
- Sales feedback for outsourcing needs
- Created Flow Chart of Outsourcing Process
- Changes to System Procedure - Purchasing
- Presentation



Current situation

- Opportunities for sales of buyout projects need additional resources
- Outsourcing procedure is unclear
- Buyout projects are fragmented at the ownership level
- Lack of communication on full scope of buyout projects

Goals

- Provide a more comprehensive Outsourcing Resource List (ORL)
- Define roles within buyout process
- Create more comprehensive work instruction for buyouts
- Improve New Item Meeting Process to include the Cell for buyouts
- Streamline communication for buyout projects

Outsourcing list from Sales Reps

| Outsourcing Need |
|------------------------------------|
| Assembly |
| Fulfillment |
| Laminating |
| Plastic Thermoforming |
| Displays - Printed corrugated |
| Corrugated boxes - Printed & Plain |
| Thicker board - Heavy Product |
| Magnet closures |
| Labels |
| Blister Cards |



Supplier List with Capabilities

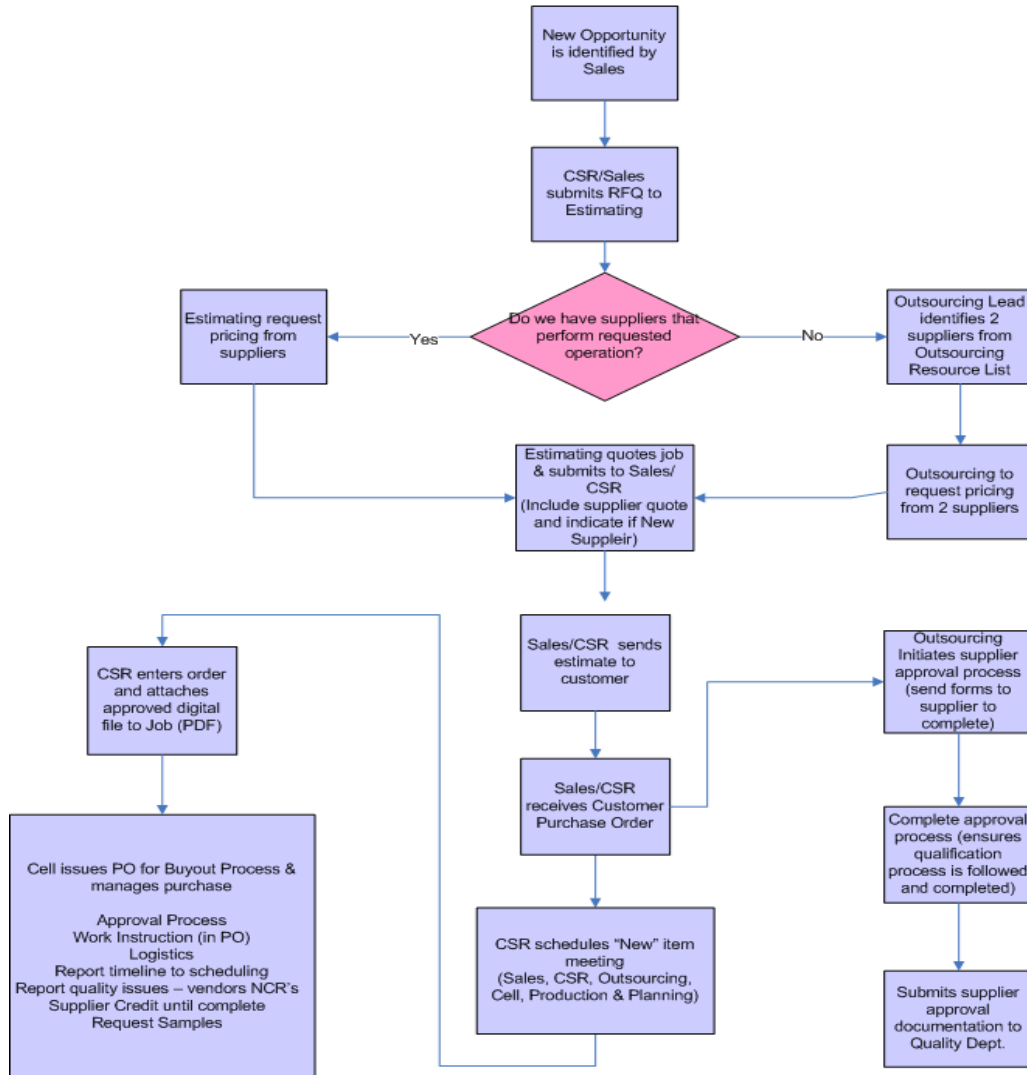
| Supplier | Contact | Phone | Offerings/Capabilities | Address | Certification(s) | |
|-----------------------------|---|---|---|--|---|---|
| Able Industrial Products | Armida Ruiz | 909-930-1585 | Converter/Distributor Rotary Die Cutting , Slitting , Laser/Water Jet Cutting | 2006 S. Baker Ave Ontario, CA 91761 plus facilities in Tijuana, Mexico and Shenzhen, China | FDA Registered ITAR Compliant AS9100 Aerospace Certified GMP Compliance | Presentation video: htt |
| Bay Cities Container Corp | Christy Hutchins CSR Esther Pelletier, Rep | 562-948-3751 main 562-551-2953 CSR 951-317-4713 Rep | POP Displays Direct Print Shippers Litho Lam Die Cuts Blister Packs Vacuform Trays | 5138 Industry Ave Pico Rivera, CA 90660 | SFI Certified Sourcing FDA Registration 2016 FSC Certification G7 Master Qualified | |
| Box Express Manufacturing | Jessica Martinez, CSR Mitzy Wilson, Pres | 562-942-9923 | Direct Print Corrugated Die Cutting Gluing | 8320 Canford Street Pico Rivera 90660 | None | |
| California Trade Converters | Carlos Martinez | 818-899-1455 | Large Format Die Cutting Fulfillment Laminating Mounting Foil / Emboss UV Coating Gluing / Finishing Ream cutting Taping Shrink wrapping | 13299 Louvre St. Pacoima, CA 91331 | | NO WEBSITE, Addition: |
| Creative Coatings | Dina Lyon | 619-563-6000 | Film laminating, UV Coating, Bindery, Gluing & Adhesives | 4553 Mission Gorge Place San Diego, CA 92120 | need | website: www.creative |



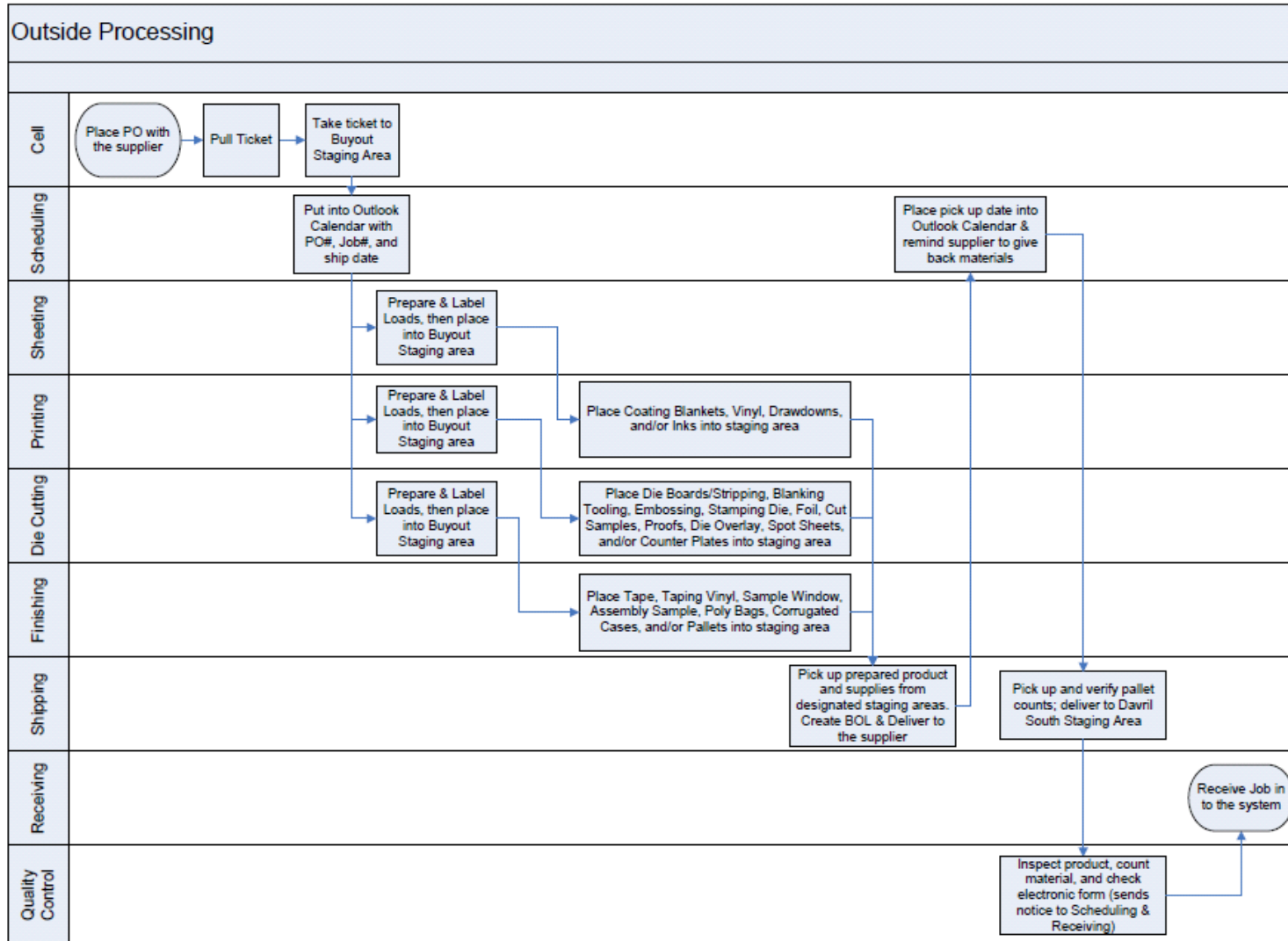
Outsourcing Order Flow




OUTSOURCING
ORDER FLOW CHART



Buyout Process Flow



Documentation Update

| | | |
|---|--|--------------------------------------|
|  | RAW MATERIAL/OUTSIDE PROCESSING | Page 1 of 2 DOC. No: RP010 |
| | | Revision: 1 |
| TITLE: OUTSOURCED PRODUCT | | Revision Originator: T. Dancer |
| | | Revision Date: 7/1/2010 |

1 PURPOSE

- 1.1 To describe the set of requirements for subcontractors to meet when producing a complete product for Thoro Packaging.

2 SCOPE

- 2.1 Applies to subcontractors that are manufacturing product that is beyond the physical capabilities of Thoro Packaging.

3 REFERENCE DOCUMENTS

- 3.1 A05 Workmanship Standards, Capabilities and Definitions
- 3.2 R01 Receiving
- 3.3 S06 Purchasing
- 3.4 F012 Approved Supplier List
- 3.5 F116 Buyout Inspection Checklist

4 GENERAL REQUIREMENTS

- 4.1 The purchasing function will verify the subcontractor is an approved supplier or in the approval process when placing purchase orders for manufacture.
 - 4.1.1 For suppliers in the approval process, receipt and an approved buy-out inspection of the material ordered can facilitate full supplier approval.
- 4.2 The purchasing function shall supply to the subcontractor; documented product specifications, Thoro Packaging's Workmanship Standards (A05), and any other detailed customer requirements.
 - 4.2.1 If a conflict arises for process capability and any specification or requirement it will be reviewed with, at minimum, the sales team and Quality Manager.
- 4.3 Packaging and Palletization:
 - 4.3.1 The product must be packaged to prevent damage, contamination and any potential product mixing.
 - 4.3.2 Pallets for finished product will be greater in size to prevent overhang.
 - 4.3.3 Product will be securely attached to pallet to prevent instability and damage.
 - 4.3.4 Pallets are to be heat treated, in serviceable condition, without contamination or nails protruding into product.



Procedure Suggested Changes

- Outsource Process/Product
- Order Processing/Purchasing will review booked order and all specifications, including the estimate, the sales order, the supplier quote, and all supporting documentation.
- OP/P will attend a new item meeting to review all job expectations with all appropriate personnel including the CSR to understand the full scope of the project and expectations.
- Signed approvals must be on hand for the NIM.
- OP/P to document all information per checklist at NIM and keep that record scanned and attached to the sales order.
- OP/P to contact the supplier to review job details and expectations. Pricing should be renegotiated at this point if possible, specifically if any specs have changed from original supplier quote.
- OP/P to issue a PO to the supplier and attach any documented product specifications. The PO should reflect the delivery schedule the supplier has agreed to based on material availability. Any deviation from cost in the estimate should be reported to CSR/Estimating for updates. Cost increases based on additional specifications not captured in original quote should be passed on to our customer whenever possible.
- OP/P to notify Scheduling (via constraints?) of schedule.
- OP/P to manage logistics; set up deliveries of outgoing and incoming materials.
- Quality to notify OP/P via email or NCR of any quality issues arising from supplier non-conformance.

Training



Implementation

| Who | Action | When | Status |
|-----------------|--|------------------------------|--------|
| Team | Red-line proper procedure with changes | Week after approval | |
| ISO Coordinator | Update and approve procedure | To be confirmed with Quality | |
| Team | Train on Revised Procedure, Supplier List with Capabilities and Flow Chart | Week after quality approval | |

