Price Wins the Day for Today's Contract Manufacturer

Steve Heckman, Senior R&D Engineer, Plastics One

Steve Heckman, senior R&D engineer at Plastics One [1], was a part of the staff written article, "Not All Contract Manufacturers Are Created Equal [2]." He took time to present a full array of responses that were not able to be included in the article, so they are presented here.

Q: *What are the primary reasons an OEM will seek out a contract manufacturer?*
Heckman:

- Capabilities that an OEM would not have
- Efficiencies that come from specialization in a niche market

Q: *How do medical device contract manufacturers stand out from their competition?*
Heckman:

- Years of experience
- Specialized production equipment
- Catalog of proven component designs that can be used in custom assemblies
- Relevant industry certifications

Q: *Are there still concerns from the OEM regarding IP when working with a contract manufacturer?*
Heckman: The roles have reversed; CM's have more of a fear that IP's will be taken overseas by their customers seeking lower prices. In many cases a comprehensive and fair NDA will protect the interest of all parties involved.

Q: *How has the OEM/CM relationship changed in the medical device manufacturing industry over the past five to ten years?*
Heckman: Despite the talk of partnerships, most customers are mostly interested in low prices. In recent years, long-standing relationships have been broken by young, aggressive purchasing managers seeking to make a name for themselves by squeezing suppliers for the lowest possible cost. Past history of supporting customers is often forgotten. Unfortunately this seems to be the direction industry is heading.

Q: *What misconceptions do OEMs have in working with a contract manufacturer?*
Heckman:

- Startup OEM's may not understand the initial cost of exclusivity when it comes to tooling expenses.
- Established OEMs treat CMs with stronger expectations of time and resources without knowledge of the CM's present maturity. Case in point: Plastics One has 300+ customers, each with their own quality systems. Yet many expect us to use their forms (or formats). That places an additional burden on a CM, as one has to learn each customer's specific requirements, keep track on who requires which document, and then also try to keep those documents up to date.

Q: *How do you ensure clear lines of communication with a partner OEM?*
Heckman: Sales engineer assigned to each OEM account. Project engineer assigned to communicate directly with the customer during new product development. Project management tool also assist with the process, by insuring key tasks are completed.

Q: *How do you earn the trust of an OEM who has been "burned" by another contract manufacturer?*
Heckman: Need to be honest and upfront at every step. Good communication is essential to develop this trust. Establishing a personal relationship with customers also helps when possible.

Q: *How can a contract manufacturer be a valuable ally when it comes to the validation process for a medical device?*
Heckman: Able to conduct and provide validation activities while the manufacturing process is being developed. In many cases the CM can also produce some testing relating to the portion of the product they are responsible for. For example, Plastics One can provide such testing as extraction force, insertion life cycle and wire flex life.

Q: *Any thoughts/comments on contract manufacturing or another related area that you would like to share with medical device manufacturers to aid them?*
Heckman: First you need to determine and develop your core competencies…all your business should incorporate them to one degree or another.

Second, your customers value responsiveness. From the time an inquiry is received, to when they receive deliveries. Waiting is excruciating. So don't make them wait.

Third, the pursuit of excellence should be relentless. Everything should be looked at with the attitude of "how can we do this better". Because if you don't (or don't want to), there will be someone else willing.

Four, you need to be nimble in your market. It is always changing, so should you. It has been said in 5 years 80% of your production will be products that don't exist right now. Some are upgraded versions of existing production; some will be from new customers. Expect this and embrace it. Those who "get it" will get the work from those who do not.

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