

# How to Select a Contract Manufacturer: *A 9-Point Checklist*

PREPARED BY



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**How to Select  
a Contract Manufacturer:  
A 9-Point Checklist**

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## Selecting a Contract Manufacturer

Contract manufacturing is big business these days.

In recent years, we have seen an unprecedented development of new technologies which has resulted in the related growth of new products - from complex scientific instrumentation to advanced medical devices to robotic industrial automation equipment.

The need for highly skilled, technology-focused contract manufacturers has never been stronger.

Because of the unique changing characteristics of technology today, even companies that have traditionally kept manufacturing in-house have turned to contract manufacturing for their expertise and current technology.

In this guide, we have provided a little guidance for selecting a contract manufacturer where your new products may be designed, engineered, built, sold and serviced.

If you have any questions, please don't hesitate to contact us.

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## Check #1 - Capabilities

One of the first pieces of information you will collect from prospective manufacturers is their capabilities list.

This will summarize the services they provide and the types of work they do. It is often enough to determine whether a company should be placed on the short list.

As you review their capabilities, take note of the services they perform on a regular basis. Many companies will provide a long list of services when in fact, they are most experienced with just a portion of that list.

This will help you determine their real expertise.

Also, try to find out what services they provide themselves – and what services they would be outsourcing. There is nothing wrong with outsourcing to a subcontractor, but as a buyer, you should be aware of what's handled in-house and what's being done by a third party.



## Check #2 - Experience

Experience is most often demonstrated by industry or project type.

Clearly we all want to work with companies that understand our business – and that will be more thoroughly revealed during the interview process – but familiarity with your industry is a good first step.

Understand that just listing an industry on a website doesn't prove they have any experience or even an understanding of your industry. Look for clients, projects, case studies and other content that is directly related to your industry.

But even within an industry, you will find projects that will vary greatly.

Ideally, you want to find companies that have produced products similar to your proposed product. That's not always practical so you may want to find products with similar components, systems and supply chains.



## Check #3 - Process

Every candidate is likely to approach the design and manufacturing process a little differently.

Take some time to evaluate each candidate's process and see how it matches your own business operations.

Does the process give you enough transparency with sufficient reviews and sign-offs?

Will you have opportunities to adjust schedules and budgets – or even change direction if needed?

Will you have scheduled meetings – and how often?

How frequently will you be able to assess performance during the process?

Some manufacturers will have a very rigid, button-down process. Others will be more flexible. Decide what is best for you.



## Check #4 - People

The success of your project will depend largely on the people assigned to your project.

On the front lines, you will have the key contact people – the project manager, the design supervisor, the manufacturing supervisor as well as representatives from the technical, compliance and purchasing departments.

This will vary from company to company, but you may very well get to know these people – or at least some of them – during the review process.

You should also have a vested interest in the people on the floor who will be responsible for product assembly, testing and distribution.

Pay close attention to the company's training practices – not just the initial training program, but ongoing training as well.





## Check #5 – Equipment/Technology

OEM clients expect their manufacturers to have the equipment and technology needed for their projects. That's one of the reasons they outsource.

But is the equipment current? Have maintenance and calibration schedules been met and documented? How many people on the team are capable of running the equipment?

Will the equipment be shared with other client projects? And if a piece of equipment goes down, what is the back-up plan?

On occasion for a very specific application, new equipment may need to be acquired.

Be clear about who's paying for that equipment. It may depend on whether the manufacturer has other uses for the equipment beyond your project.

You also want to find out how long it will take for new equipment to be installed and tested – and how personnel will be trained.



## Check #6 – Regulatory Insight

Regulatory compliance is a necessary step for your product, and if so, it needs to be dealt with directly and early in the process.

Find out what your candidate's regulatory experience is with the product you are manufacturing and in the countries where you plan to distribute it.

Requirements for health, safety and environmental compliance will vary in the United States, Europe, Canada and other global locations.

Ask about the compliance process – and how your product will be introduced to the regulatory agencies.

Ask about the testing schedule for products in the concept and product development process.

Most importantly, ask what corrective measures will be taken when a product doesn't meet compliance standards.



## Check #7 - Capacity

In finding the right contract manufacturer, you need to know the selected company has the bandwidth to handle your project.

Will you be the largest client for this company – or will you be the smallest?

Both extremes could be red flags. If you are the largest client, will this be the first time the company has handled a project of this size. If you are the smallest client, will you get the attention you need?

Does the company have the right amount of physical space for both assembly and finished goods inventory?

Will your project have sufficient access to the necessary equipment?

Will the personnel be dedicated to your project or will you share them with other projects?

How much room does the company have for expansion? Will it be able to ramp up if there is an increase in demand?



## Check #8 – Location

Where will the work be done?

In truth, if the manufacturer is outsourcing some of the subcomponents, it may be developed at several locations. You should know this, but you should also want to know where the final assembly will take place.

Location is often viewed as part of domestic vs. offshoring debate which brings with it a whole slew of political, language, shipping and cost ramifications.

Clearly, your manufacturer's location could directly impact your product costs and delivery schedules.

But beyond that, location is also a comfort level issue – meaning sometimes you want to be able to visit the manufacturer to see the operation firsthand or to meet face-to-face with your project manager.

Email and phone is okay, but nothing beats a face-to-face.



## Pitfall #9 – Financial Stability

When OEM's do risk assessment analysis on potential contract manufacturers, they are rightly concerned about potential disruptions in the manufacturing process.

These disruptions can be caused by a number of factors – unrealistic expectations, equipment failure, inventory mismanagement, subcontractor delays, raw material shortfalls and more.

Some of these disruptions are beyond the control of any manufacturer (natural disasters, transportation accidents, etc.), but others can be directly traceable to operational deficiencies and/or financial instability.

Financially challenged manufacturers may find it necessary to make staff cuts with your project or may suffer supply chain interruptions because of slow or inconsistent payments.

In a worst case scenario, a financially strapped manufacturer (or its subcontractors) could be forced to go out of business leaving you with a serious and perhaps prolonged interruption.

Knowing your contract manufacturer and its suppliers are in good financial shape is a must.



## About Product Resources

Product Resources is a product design and contract manufacturer of complex bio-pharma instruments, medical devices and industrial automation equipment. As a full-service supply chain partner, we offer:

- product design and engineering
- contract manufacturing, assembly and testing
- post-production logistics, service and support

Our manufacturing services include supply chain management, material sourcing, vendor management, electronic design/assembly, electro-mechanical assembly and sub-assembly, calibration and testing.

### **We specialize in complex scientific/industrial products**

- Scientific instrumentation
- Diagnostic/analytical products
- Industrial equipment
- Medical devices
- Biometric analysis
- Aviation controls
- Robotics
- Environmental monitoring
- Motion control applications
- Electro-mechanical assemblies
- Automated controls
- Electronic systems
- Intrinsically safe products (for explosive atmospheres)



## ISO Certified

Product Resources is committed to the highest standards of quality and maintains the following certifications:

- ISO 9001-approved for engineering design, development, manufacturing and service
- ISO 13485-approved for medical device manufacturing and service. Both approvals are certified by TUV
- ISO/IEC 80079-34 approved for engineering design, manufacturing and service, audited by TRaC Global, for equipment and instrumentation used in explosive atmospheres



## Learn more about Product Resources

Whether you're actively seeking a new supply chain partner or simply hoping to stay aware of available resources, we invite you to contact us to:

- ✓ Request Information
- ✓ Speak to our team
- ✓ Schedule an onsite visit to our facility in Newburyport, Massachusetts.

Please contact Paul Ermanski at 978-524-8500 ext. 335 or [permanski@prodres.com](mailto:permanski@prodres.com)

Visit our website at [www.prodres.com](http://www.prodres.com)

