

# Toll Manufacturing versus Contract Manufacturing

Toll manufacturing and contract manufacturing are two relatively similar forms of supply chain management that are often misunderstood and confused. While both of these manufacturing options have distinct and clear characteristics, their most strategic advantage is their ability to provide customers with valuable ways to save both time and capital on their product line development.

## On-Demand Service

In many ways, contract and toll manufacturing are similar to other on-demand services like Uber, Seamless, and HBO Go. They allow Sierra Coating to provide laminating or coating services on demand and as needed, as part of a “sharing economy” model that is beneficial for both the customer and the manufacturer.

*“Sierra has delivered us a quality product for years, on time all the time. If there is any kind of an issue they always get right on it.”*

*Brian, Company is a 10-year customer*

Below, we will highlight the advantages and distinctions between toll and contract manufacturing to help you make the best decision for your company.

## What is Toll Manufacturing?

In toll manufacturing, one company provides raw materials (or semi-finished goods) to a third-party, who will then provide the rest of the services (manufacturing). Typically, the third-party company will already have particular equipment and organizational models in place, and they can supply subclasses of manufacturing processes for the first company for a fee – or toll.

As a toll manufacturer, Sierra Coating can provide customers with a facility and manufacturing equipment to process their raw materials or semi-finished products. Because of this, the customer only has a variable cost of manufacturing without the financial investment in equipment, facilities, and employees. With toll manufacturing, the customer is equipped with the resources to develop their own specialty coatings or papers that Sierra Coating can use in the manufacturing process. Subsequently, the customer is able to develop the exact product they envision, without the time and capital investment of building a manufacturing operation. This significantly decreases the time required to get the product to market, as lead times for ordering and installing new machinery are eliminated.

At Sierra Coating, customers are able to supply one or more of the raw materials needed for production or, if the customer prefers, the Sierra Coating team can supply the materials.



Located in Green Bay, Wisconsin - Operations: **920-983-8000** Sales: **920-983-8008**

---

<https://www.sierracoating.com/blog/tag/lamination-services/> > Page: 3

## Key Differences with Contract Manufacturing

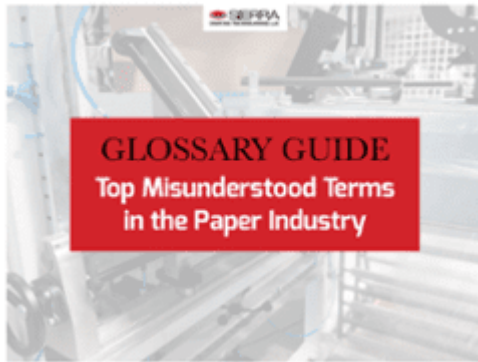
Though contract manufacturing is similar to toll manufacturing, there are some key differences between the two. Similar to toll manufacturing, contract manufacturing involves outsourcing production processes to a third-party company. In contract manufacturing, however, the third-party company hired to produce the goods is supplying the manufacturing process as well as sourcing all of the raw materials. Contract manufacturing is creating a supply chain vendor for a branded, private label or custom-made product. The contract manufacturer is responsible for making the product to specification and meeting the delivery time requirements. This offers the customer a fast and effective method of extending their product line with minimal investment and a made-to-order supply program.

## Helpful Resources

Sierra Coating is a leader in coating and laminating services, with over twenty years of experience providing our customers with both toll and contract manufacturing services. To learn more about the differences between toll and contract manufacturing as well as other popular paper industry terms, download our free guide, ***Commonly Misused Terms within the Paper Industry***.

If you have any questions about how Sierra Coating can help with your next toll

and/or contract manufacturing project, contact us today.



---

# **MFG Day - A Time to Celebrate Entrepreneurs**

## **Sierra Coating Supports MFG Day and the Innovators Making It Possible**

On October 2<sup>nd</sup>, 2015, we celebrate American entrepreneurship with National



Located in Green Bay, Wisconsin - Operations: **920-983-8000** Sales: **920-983-8008**

---

<https://www.sierracoating.com/blog/tag/lamination-services/> > Page: 5

Manufacturing (MFG) Day. Manufacturers across the country will open their doors for tours and educational events to raise awareness of STEM education programs and celebrate progress made within the manufacturing industry.

From new start-ups to family-owned businesses that have been crafting goods for generations, our industry would not exist without the new ideas and solutions of innovators and entrepreneurs alike. Companies, like Sierra Coating Technologies, are proud to offer the services that help bring these new projects to life.

As a contract and toll manufacturer, Sierra Coating provides laminating services on-demand for all scales and project applications — especially those that have never been seen before.

To help entrepreneurs understand the steps of taking their idea from prototype to high-volume production, our team of experts at Sierra Coating created the ultimate cheat sheet. One of the most critical keys for developing a new product design is the staging and gating process. Our team outlined four steps for young entrepreneurs to keep in mind as they pursue a new project:

1. Consult Research & Development specialists who can offer insight, experience and expertise.
2. Determine the feasibility of your project. Does it hold up to economic analysis?
3. Develop and test your prototype.
4. Continually utilize the staging and gating process to enhance the quality

<https://www.sierracoating.com/blog/tag/lamination-services/> > Page: 6

and reduce the risk of failure.

The Sierra Coating team is well-equipped to help minimize the costs and risks associated with new product development through our contract manufacturing services. The treated paper services we offer include a facility for high-volume production, and prototype development can often utilize the very same machines.

We're lucky to work with brilliant new ideas every day. Learn more about our process at Sierra Coating and how you can get a new project off the ground by downloading our new eBook, ***The Stages and Gates of Prototype to High-Volume Production***. We wish all the innovators and creative makers a happy and inspiring MFG Day!



# 3 Ways Industries Are Using Paper Lamination

Manufacturers have been using the process of lamination globally for over a century. One of the earliest variations of this process comes from the French chemist Edouard Benedictus.

In 1903, Benedictus accidentally coated a glass flask with a plastic compound; when the flask fell to the ground, the chemist was shocked to see the glass merely shatter and not break.

This concept behind laminated glass paved the way for several innovations from industrial manufacturers—including those in the paper industry. The modern applications for paper lamination are very distinctive.

- ***Enhanced product protection.***

Laminations are ideal for creating a protective layer against substances such as water, oil, or grease; and is a common requirement in food and beverage packaging.

<https://www.sierracoating.com/blog/tag/lamination-services/> > Page: 8

To ensure products remain sterile until they are ready for use, a vapor barrier—a thin, impermeable coating—can be used in conjunction with various laminates to keep moisture and oxygen out of the packaging.

### ***• Security from counterfeiting.***

Paper manufacturers often use specially colored laminating adhesives as a security measure against counterfeit ticketing. When a laminate-treated ticket is torn, the unique color is clearly visible, signifying the ticket's authenticity. These specialized tickets are resilient enough to withstand contact with water and mild bending.

This practice is used with many types of tickets, such as those for sporting events, musical performances, and even public transportation.

### ***• Light “Block Out” Barriers.***

Some laminations are used to create an inside adhesive layer able to block the transmission of light. This “block out” coating is popular for many products that need to keep light from showing through the other side.

These products include advertisements (aisle signs or those found in store windows), trading and playing cards, photographic light boxes, and many others.





## **Learn About Our Paper Lamination Services**

At Sierra Coating, we have over 20 years of experience providing customers with consistent, high-quality laminated paper products. In addition to being ISO, FDA, and NSF compliant, our products and services are versatile enough to meet the requirements of any application.

For more information on the extensive lamination services we offered, please contact Sierra Coating today