

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.



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Key Differences with Contract Manufacturing

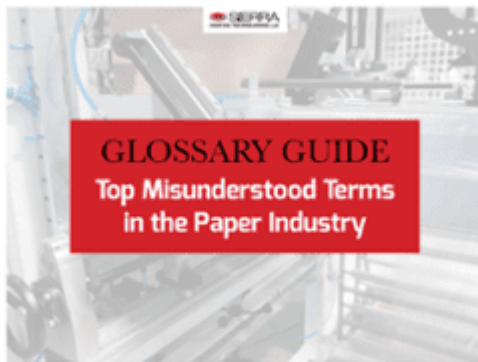
Though contract manufacturing is similar to toll manufacturing, there are some key differences between the two. Similar to toll manufacturing, contract manufacturing involves outsourcing production processes to a third-party company. In contract manufacturing, however, the third-party company hired to 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.



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.

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.

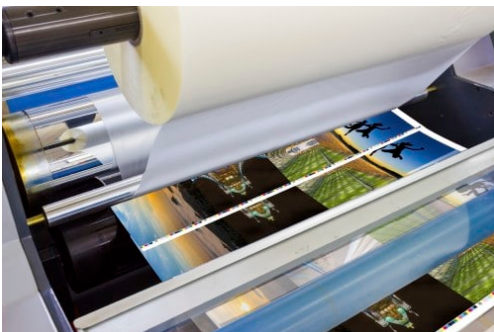
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This practice is used with many types of tickets, such as those for sporting events, musical performances, and even public transportation.

· *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



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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

The Art of New Product Development

Creating, producing, and marketing an innovative and groundbreaking product is not an easy proposition. The pitfalls and risks are many and the costs can be great in terms of both time and money. Of course, succeeding means having a corner of the marketplace all to yourself, this can lead to profits and a boost to the cache of your company. The key to the entire process is having a partner rich in both experience and skill. At Sierra Coating, when it comes to custom coated and laminated specialty substrates, we are *the* new product development

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specialists. To discover what makes Sierra Coating a leader, let us take a closer look at our process of bringing a new product into being.



- **Raw Materials**

Whether you are dealing with a nonwoven, plastic, paper, or paperboard product, Sierra Coating will source, test, and choose the perfect raw materials and chemicals to fit your projects needs. Many times, because we have such a vast experience and selection of materials, we can point our clients in a previously hidden direction

- **Cost-Effectiveness**

Running lab tests on materials are just a part of picking the right one. We also

run extensive economic studies and price out materials to match your budget.

- **Trials**

After arriving at the optimal materials, we take our clients through the often-difficult trial process. This entails picking a day and laying out a highly detailed trial plan, including all possible manufacturing techniques, quality control demands and complex design of experiments. On trial day we make up to 10+ versions of your product that you can run through your own specific testing and focus groups.

- **Tightening Up**

After you complete your testing and trials, Sierra Coating is there to make all necessary changes or upgrades quickly and cost-effectively. This also includes setting up all necessary converting, printing and packaging.

- **Bring It Home**

After all the exhaustive test, trials and quality audits, Sierra Coating is there to manufacture your new product, help with inventory launch, and help get the completed supply chain working.

For us, the bottom line is that we never let you stray from the path to success. We take all the guesswork, and hopefully the doubt, out of the process. If you are looking to create and launch a new and innovative product, then you need Sierra Coating on your side!