

Labelad

With a focused business plan and Lean practices, the Canadian converter is dedicated to brand expansion.



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Continuous improvement is a hallmark of Lean Manufacturing. It's also thematic of Labelad, a labels and packaging company located just north of Toronto in Markham, ON, Canada. The company – which has been around since 1976 – is embarking on a new growth strategy, equipped with an operational plan and the team to generate some serious growth.

The company got its start the way many family businesses in the label industry often do – one modest press, a few big ideas, lots of hard work, and little serendipity. In 1976, husband and wife team Lionel and Sandy Waldman started Labelad with one press in the basement of a Toronto factory. Their first jobs were simple one and two color labels. But as they were getting started in the industry, something happened. Sandy, on a trip to California, saw an early form of children's stickers and came home with a vision of what could be done on their presses.

With effort and a passion for creativity, the Sandylyon brand of children's stickers was born. The original designs were developed in-house, but as the company evolved, so too did the relationship with major children's brand licenses. Sandylyon became a successful children's brand itself, eventually branching into the scrapbooking market catering to both children and their mothers.

The growth of Sandylyon's sticker business pushed the technical and creative capabilities of Labelad to new heights, and provided the impetus for Labelad's steady growth. "Labelad was the printing engine that gave Sandylyon its competitive edge in the market place," recalls VP and General Manager Joe Campbell, adding that the companies were run independently of each other.



Joe Campbell, Labelad's vice president and general manager, along with some recent label industry awards.

In 2010 the Waldman family made the decision to sell Sandylyon in order to focus their efforts on building and transforming Labelad.

Along with Owen Duckman, Labelad's president, Campbell started putting together a growth strategy. "The label business has room for growth," Campbell says. "It's tough – and there's a lot of overcapacity – but it's an industry where you can really create a value proposition. You can be different."

BRAND GUARDIANSHIP

Today, Labelad is concentrating on its labels and flexible packaging business, although it still remains one of North America's leading suppliers of high quality packaged children's stickers. Campbell says the focus and culture within the company has shifted: Labelad is now a true packaging company, and prides itself on being a one-stop-shop where brands can grow and expand product lines.

"The only thing we're not running is gravure, though we're looking at maybe adding that," Campbell says. We have the full range of capabilities: water based or UV flexo printing in up to 12 colors, PS, shrink sleeve, rollfed and RFID, and also flexible packaging. We make our own plates, and do everything internally. We even do design and creative work, though mostly with our smaller to medium sized customers."

There are 12 label presses – a mix of Mark Andy and Gallus machinery, and there could soon be more on the way. There's also an HP Indigo 4050 that has recently been upgraded to a ws4500. In addition, Labelad is equipped with shrink sleeve and bagging machinery. And the company also has something new – a prototype ink mixing and dispensing machine from Sun Chemical.

The LV25/205 is a 24-head ink dispenser. It's a fully-computerized system – running on the Windows-based Formulator Ink Manager software and equipped with an auto-dispense database, stock controller, estimator, job design and ink re-work features. It is attached to the fully automatic, 10-station Q-manager queuing system that can instantly dispense up to 10 recipes as instructed by the ink technician.

Using small canisters of ink paste, the compact ink dispenser enables Labelad to eliminate its inventory of the big 40-gallon ink drums that it stores. The drums are being replaced with 12-inch tall canisters of the ink paste allowing them to bring in only the amount of ink needed for the job at hand. Thus, both inventory management and cash flow are improved. What's more is the cleanliness factor. There's no handling of ink, as everything in the canister is automatically dispensed into small, easy-to-handle one-, two- or five-liter jugs. Factoring in the vast number of different inks Labelad requires to serve its customers, a lot of inventory is saved.

When it comes to Labelad's customers, the big brands and their multiple SKUs have become Labelad's sweet spot – companies buying in excess of \$100,000 of product. Top markets are health and beauty, nutraceuticals and pharmaceuticals, food and beverage, household goods, and novelty products. And they do their research, targeting specific customers, particularly those in growth markets.

"We think of ourselves as solutions providers. We don't just sell or peddle our products. We adopted a strategy a while back to think of ourselves as not just a label company, but 'container decorators' – a true packaging solutions company," Campbell says.

With food and beverage, the company is starting to see a lot more growth by leveraging its strong relationships with customers. "It's been fairly easy for us to introduce a lot of new products into the world, because our customers are raving fans," Campbell says. "We tell them, 'We want to take a different approach to how we want to grow our business with you, and it revolves around brand management. You're putting this in a pouch, this in a can, this in a bottle, and this in a rigid plastic container.' We ask them to take a look at having us – one company – manage their brand. For example, with our beauty customers, we'll have them buying PS labels, shrink sleeves, and then sachets.

"We call it Brand Guardianship," Campbell adds. "When it comes in here, even though we did not create the brand, we are entrusted with it, and are going to be the guardian of that brand."

And guarding the brand is also managing it. Labelad has the capacity to inventory large amounts of product, which it does for four out of its six biggest customers. The customer service team plays a critical role here, de-

voted to managing the business with these customers. This frees up the sales team to win business from those targeted markets.

EASY TO DO BUSINESS WITH

Having the capability and capacity to grow a brand is just one part of Labelad's business model. The other strategy has everything to do with customer service.

"In the beginning of 2009, we adopted a philosophy we call 'Easy To Do Business With.' It's great to have all these products and to be able to go to customers and say we have all these controls in place, and we can manage your brand, but if you're not easy to do business with, you'll get the first order, but not the repeat business. So, what we did parallel to becoming true brand guardians – offering more products in those target categories – is to differentiate ourselves by becoming easy to do business with," Campbell says.

"We want our customers to sit back and say, 'I sent them a file, and wow, a truck backs in. Between that, I don't hear from them.' We were proactive. We went out and interviewed our customers and asked them, 'What is "easy to do business with" for you?' We got a list of items, and then we went back and did a gap analysis. We asked, 'Do we ever do this? Are we doing this well enough?' And we started implementing little things that would make us easy to do business with," Campbell says.

What Labelad found out – by a long shot – is that its customers want less daily interaction and more concise, up-front interaction. "We have a good kickoff meeting, ask all the necessary questions, and then take the project away, manage it for them, keep them updated, and deliver it on time. What they were getting is 'Okay, I award a label company a project, and they call two days later with a bunch of questions. And then they have more questions, and then three weeks later they make you aware of all the things that can wrong. Now that's not easy to do business with."



A DCM Usimeca machine for shrink sleeve labels.

“Today, our customers are overworked,” Campbell says. “So when they have an opportunity to change or expand a product line, it could seem overwhelming. Our philosophy is that the easier we make that change process, the more opportunities we are going to have with the business. Initially, people aren’t going to want to change. They’ll ask, ‘How am I going to do all that?’ Well, the answer is – you’re not. We are.”

VISIBLY LEAN

A walk through the Labelad plant shows the transition taking place, the company’s origins, as well as the future. The company is Lean – visibly so – and plays a major role in operations.

There’s a whimsical feel one gets when touring the plant. Adorning the walls are larger than life, colorful paintings and murals of animals – very kid friendly, a remnant of its Sandylion past. But what you’ll also see is Lean Manufacturing. Along the floors are markers denoting where equipment and consumables should be placed. Where tools and ancillary equipment belong is labeled and marked, and the same goes for finished jobs and waste.

There are also bulletin boards with progress indicators and charts and updates on the company’s kaizen events. Lean is taken very seriously at Labelad. In fact, the plant was recently a Lean Manufacturing tour site for the Association for Manufacturing Excellence (AME), a global consortium dedicated to Lean.

“Everything is Lean here, from customer service all the way back,” Campbell says. “We have Lean experts on staff including a continuous improvement manager. We also took our supervisors and trained them in various aspects of Lean. For example, we have one supervisor who heads up 5S, and another in charge of health and safety.”

Of course, a true Lean enterprise is constantly evolving. “We recently updated our kaizen events,” Campbell explains. “We’ve made them more intense. In order to see immediate results, we’re conducting full two- and three-day events, as opposed to what we’ve done in the past, having monthly meetings. We have some bigger goals now,” he says.

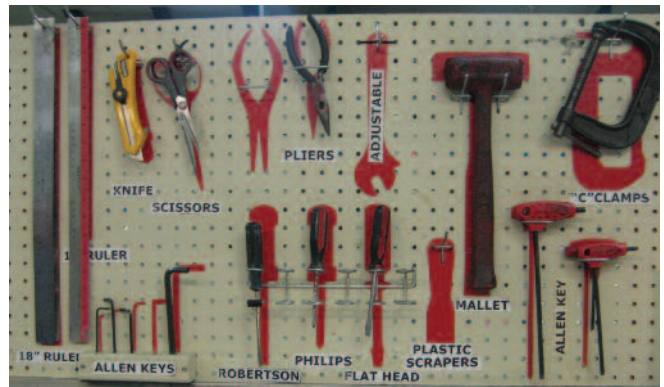
Labelad’s Lean journey started about five years ago, and Campbell says the timing was perfect, and the recession only helped to accelerate it. “Our customers want small orders, more often, at the same price. This is so they can manage costs but not have to order to hit a price point and get tied up in a lot of cash.

“But the other mentality is that of our customers that are not taking the ‘hunker down’ approach, but are constantly changing to stay ahead of the competition. These customers also want smaller runs but with a lot more sophistication. So you just might see the gravures and the other print technologies growing within the label industry,” Campbell says.

The big brands are Labelad’s customers, in both the US and in Canada. “The private label guys are doing a good job of competing with the look and quality of the bigger name brands, so these guys – our customers – want to push it,” Campbell says. To meet the demand, the company last year invested in HD flexo from EskoArtwork, which Campbell says has the big customers – fierce protectionists of their



Labelad logs its Kaizen events on bulletin boards throughout the plant. Also, supplies and job orders are self-contained on carts.



Visible Lean indicators.

brands – saying, “Wow.” Labelad is now the first label converter in Canada and the second in North America to have achieved the HD Flexo designation.

Labelad is proud of its health and safety record – five years without a lost time accident. Later this year, the company is up for HACCP (Hazard Analysis and Critical Control Points) certification. “This is going to be great for our food and beverage business. For these customers, you have to make sure you control all the critical points that go into food packaging production. Should there be a recall, you can say, ‘this is my packaging material, and it was made on this date,’” Campbell explains.

Like its Lean journey – which applies to everything from production to logistics, Labelad is all about continuous improvement. They’re Labelexpo regulars, where they take a “divide and conquer” approach, sending a team of people armed with a specific agenda who share their findings at a roundtable meeting after the show. The company has reinvented itself with a dedicated focus, and mirroring the thinking of some its customers, will also continue to push it, building on its quality, efficiency and capability. **LNW**