

## Contract Manufacturing

### Issues Involved in Contract Manufacturing

The following Q&A was conducted with several industry executives who commented on the benefits of contract manufacturing, as well as the issues that are involved in light of increased homeland security and the pending federal GMPs.

#### What are the most common reasons your customers choose to work with a contract manufacturer?

**Gary Bennett, marketing manager, National Enzyme Co.:** There are a number of reasons to work with a contract manufacturer. Using the services of a custom manufacturer relieves you of the great financial responsibility of acquiring and maintaining a manufacturing facility, cost of equipment and personnel, or large insurance premiums, not to mention the increasing role of government and regulations being implemented. The main benefit of using a contract manufacturer is that it allows you, the marketing company, to do what you do best: market and sell products.

**M. Amirul Karim, president, NHK Laboratories Inc.:** Our customers use a contract manufacturer because it makes operational and economic sense. They don't want the headache of owning and operating a manufacturing facility, so they partner with companies like us instead.

**Jay Kaufman, president, Paragon Laboratories:** The most common reasons include that the customer's expertise is limited to the marketing of dietary supplements, not the manufacturing of dietary supplements. Even if someone does have the capability to manufacture dietary supplements, they may not have the expertise to manufacture a particular type of supplement, or it may not be economical for them to manufacture the supplement in question.

**Robin Koon, vice president of sales and marketing, Best Formulations:** There are two primary reasons our customers choose to use a contract manufacturer: 1) they do not manufacture any products at all and need someone to make it; and 2) they are a manufacturer but are unable to produce some specific item that we are able to make (i.e., softgels).

**Jerry Rayman, vice president of sales and marketing, PALL Laboratories Inc.:** The most common reason is probably flexibility—the fact that they can take advantage of our resources instead of investing themselves, and as a result, they can be flexible in the delivery systems that they use for their products. And, our customers can avoid going through the expense of changing formulas—that becomes our expense.

**Michael Schaeffer, president and chief operating officer, Pacific Nutritional Inc.:** The primary reason for using a contract manufacturer to produce dietary supplements is a fixed inventory cost/price for a wholesale/distribution/marketing company. Contract manufacturers absorb all variable costs in the product related to material sampling, formulation overages, production loss, and laboratory tests for stability and quality assurance.

**Tina Seals, marketing specialist, Capsugel:** There are a variety of reasons our clients choose to secure contract manufacturing services. With traditional two-piece gelatin and vegetarian capsules, customers sometimes encounter difficult-to-fill (sticky) compounds. In order to increase productivity, they seek out assistance from contract fillers. Other reasons dietary supplement companies outsource some of their manufacturing needs are related to

seasonal or unexpected spikes in demand, which do not support capital investment in manufacturing equipment. Other clients realize they have not optimized manufacturing operations and, stated quite simply, the overall cost of goods is cheaper when outsourced.

Capsugel also offers in-house formulation and manufacturing support for our Licaps product line, developed specifically for liquid and semi-solid formulations. Clients commonly seek out our services for development of liquid and semi-solid compounds because our technology, when compared to other liquid technologies, frequently drives product to market much more quickly and offers the allure of unique product positioning for the marketplace.

**Greg St. Clair, vice president of sales and marketing, Arizona Nutritional Supplements:** The most common reason is customers are marketing entities, not manufacturers. They know how to sell and market, whereas it is our business to manufacture for them. Another reason is the seed capital or investment to build a facility with the proper equipment and staff, and then service and maintain with GMP status and quality always in mind.

**Jeffrey A. Stallings, president, Merical Vita-Pak:** Our customers choose Merical Vita-Pak because we offer packaging expertise and economies that they could never achieve on their own. We possess unique equipment and human capital that our customers can't easily replicate.

**Ron Udell, president, Soft Gel Technologies Inc.:** Many times, our customers are looking to create unique specialty products that can't be bought off of shelves. Whereas many manufacturers will offer commodity code products with standard and readily available formulas, a contract manufacturer will give the client the opportunity to create something uniquely theirs.

**Fred Wehling, president, Amerilab Technologies Inc.:** Typical customers for a contract manufacturer are broken into four categories: 1) the customer who does not manufacture finished products at all, and only is interested in the marketing of a given product; 2) the customer has capabilities of manufacturing several dosage forms but lacks the technology for a specific type of product, and is unwilling to invest the time, equipment and opportunity costs associated with learning a technology that is currently not part of their internal expertise; 3) the customer simply does not have the capacity to produce the quantities of product needed for ongoing sales, or wants a second source as a buffer for increased capacity; and 4) the customer is interested in a product that is only available through a license, due to patents or trade secret technology that the contract manufacturer holds.

**Greg Williford, vice president of sales and client services, Vita Tech:** I think probably just bullet points: quality, price, reliability. In this evolving regulatory environment, you simply have to have confidence in the people you work with as far as their ability to keep you safe, to be a layer of protection between you and people who want to get you. So, at least as far as we're concerned, that is a very important point with our clients: They simply have to have confidence in our ability to make a product that is going to be as we say it is.

**Rezaur R. Yousef, director of business operations, Kabco Pharmaceuticals Inc.:** The customer can avoid the high cost of capital expense involved in setting up a manufacturing facility, gains access to custom formulation and has access to a quality finished product supported by all technical documentation.

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## What are the benefits of hiring a contract manufacturer?

**Karim:** There are several benefits to outsourcing manufacturing. To construct and operate a GMP-compliant manufacturing plant costs several million dollars. In addition to the capital expense of buildings and equipment, you must employ qualified personnel, which becomes a costly operational cost. By hiring a contract manufacturer, you get all the benefits of a manufacturing plant but pay a fraction of these costs.

**Kaufman:** It allows the marketer the benefit of concentrating their limited resources on marketing finished products to consumers. These resources include both time and money. Additionally, the contract manufacturers' vast experience with developing different finished products may allow for a quicker start-up of introducing a new product to market.

**Mitchell M. May, Ph.D., chief executive officer, Synergy Production Laboratories:** When you hire a contract manufacturer, you are hiring expertise and equipment. The contract manufacturer has already made the investment in training and equipment, and focused its resources on the production process. This allows contract manufacturers to have a greater level of expertise than most manufacturers.

**Rayman:** Gaining the expertise without having to hire it yourself. Expertise in formulation, expertise in manufacturing.

**Schaeffer:** For brand-new companies, the advantages include utilizing the expertise of the contract manufacturer for product development and packaging design. For companies that are two to three years old, the advantages include assistance in refining formulations to improve product integrity. For older companies, the advantages include the coordination of contractual deliveries of products.

The secondary advantage of using a contract manufacturer is to utilize the volume purchasing power of the manufacturer. Since the contract manufacturer produces products for numerous companies, the manufacturer's ability to receive lower material costs is greater than what most companies can receive if purchased directly.

**Seals:** To increase productivity, to support seasonal or unexpected spikes in market demand and to reduce investment in capital equipment investment for companies that may not have optimized manufacturing operations internally.

**Josh Seow, sales representative, Tradimex Equipment & Supply Inc.:** A customer can benefit from using a contract manufacturer if the contract manufacturer has a clean, organized and well-managed facility, uses GMPs in each department, and is willing to comply with all FDA rules. This gives customers a chance to focus on selling their product. When their sales are up and money is coming in, customers can then look to buy a few pieces of equipment and slowly start into manufacturing while still using a contract manufacturer to keep the product moving.

**St. Clair:** When you hire a contract manufacturer, you eliminate your concern about overhead and all the business aspects of production. Those aspects can become quite expensive and cumbersome.

**Stallings:** Customers are better able to focus their time and resources on marketing their products, while Merial Vita-Pak can engineer a filling or packaging system that makes the best economic sense. It creates a win-win situation where both organizations can work to their strengths.

**Udell:** The ability to work in concert with the marketer to come up with something special. With such a crowded field of supplement re-sellers, the

company that sets itself apart is the company that creates new marketing avenues and new growth opportunities.

**Wehling:** Typically, a contract manufacturer should provide: 1) shorter lead times; 2) an extension of capacities; and 3) expertise in quickly developing a product and placing it into production. In addition, the customer does not have to invest in equipment, personnel, warehousing or raw material inventories.

**Yousuf:** Customers can selectively choose products based upon their marketing needs without incurring R&D cost. Most contract manufacturers do R&D for reliable and steady customers. The responsibility of the product's quality lies on the contract manufacturer and, therefore, the customer has the ease of mind. A good manufacturer will only choose quality ingredients to make the products and, therefore, not compromise on quality.

## What are some common misconceptions regarding a contract manufacturer's capabilities?

**Bennett:** That all contract manufacturers are the same, and that they all operate and offer the same service. Also, that all contract manufacturers are cGMP-certified and have the same level of quality control.

**Kaufman:** One issue that comes to mind is: What is the extent of their quality control capabilities? Do they have an in-house laboratory that provides analysis to confirm the quality of raw materials and the content of the finished product, or do they just accept the raw material as it is labeled and compound the product from there, hoping the finished product turns out right?

**Koon:** They are too expensive; they use the cheapest raw materials; they don't have R&D; they don't test products; you can't trust them. These, of course, are not really accurate. There are all kinds of manufacturers.

**Rayman:** I don't know that there are any misconceptions, not for a quality contract manufacturer. We should be able to do everything for our customer. We try, personally, to be a turnkey operation for our customers.

**Schaeffer:** The most common misconception is the amount of time required to produce a product. It is often overlooked that contract manufacturers need time to acquire components, process quality control analytical data (i.e., microbiological results, potency, purity), and process and inspect the product. Other misconceptions include: it is often thought that if one facility can produce the product, all facilities can produce the product, and that the marketing companies' technical department can always produce formula specifications that can be manufactured and/or taste to their satisfaction.

**Seow:** Taking a customer's formulas or not being able to provide all the services that their customer may need. For example, if the contract manufacturer is filling just capsules for the customer and now the customer has a formula they want put into a tablet. Customers should first see if the contract manufacturer they are using want to buy a tablet press and continue to work with the customers. The contract manufacturer wants to grow and increase their production volume like any other business.

**St. Clair:** The biggest misconception surrounding a contract manufacturer's capabilities is that most customers assume we carry or have our own line of products, which we do not.

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**Stallings:** Most customers believe that the only advantage contract packagers have is in their equipment. This is not true—a contract packagers' real value is in its experience and efficiencies in packaging a variety of products.

**Udell:** A common misconception is that because a product may look the same and come from the same facility, that it is in fact an equal product. The truth is that the added value of manufacturing something special with novel ingredients and/or delivery systems can overcome the shortcomings that a client may not see in a commodity product.

Also, in our business of manufacturing softgels, the most common misconception we come up against is that anything can be encapsulated into a soft gelatin capsule. The fact of the matter is that some things are just not do-able in a softgel format. Our job as a manufacturer is to research and advise our clients on whether or not a softgel is the right delivery method for their product.

**Wehling:** Some misconceptions I have experienced with companies include: 1) that we have much less knowledge and expertise than we actually have; 2) that we will copy a product that has been developed specifically for one of our customers, and sell it to them directly; 3) that we have the ability to do very small production runs on products for a very inexpensive price; and 4) that we have unlimited amounts of time for development of new products specifically for them.

**Williford:** I think some misconceptions surround lead times. Some customers think you can build these things in a couple of weeks and have it out the door as a custom product. Most manufacturers have a couple of areas of expertise; there aren't too many of them that do softgels, powders, liquids, ointments and all the packaging. So, sometimes we get calls from people who believe we do everything under the sun, but that is not normally the case.

**Yousuf:** Many think that it is very easy to set up a manufacturing facility and that manufacturing tablets and capsules is an easy job. There is a whole process to it that involves the best of coordination between several departments. There are several stages involved in the manufacturing of a product, and the whole chain has to be extremely well linked. The simplest of mistakes can lead to a disaster. Most customers do not understand the various steps involved in the operation.

### Are you currently operating under GMPs, and how do you think the impending federal GMPs will affect your business?

**Bennett:** Yes we are, and have been for the past 20 years. In November, National Enzyme Co. received its NSF GMP status. The federal GMPs will help the industry.

**Karim:** NHK Laboratories has been NNFA GMP certified since 2001. In addition, we have just completed construction on our new state-of-the-art packaging and laboratory facility, which was designed to be a drug establishment. Finally, in early 2003, we will begin renovations on our manufacturing facility. We are renovating our manufacturing plant to meet drug standards, which should be complete in mid to late 2003. With pharmaceutical guidelines in mind, we don't believe the impending GMPs will have a significant impact on our business.

**Kaufman:** We are currently operating under the NNFA's proposed GMPs for dietary supplements, which are much more stringent than the ones currently in place and parallel food GMPs. We feel confident that we can respond quickly to the new GMPs once they are finalized.

**Koon:** We are FDA drug licensed, NNFA cGMP-certified and kosher-certified, and have TGA certification pending. For us, any kind of FDA certifications have already been met. However, I still think it will be quite a while before FDA mandates or enforces GMPs for most nutritional manufacturers.

**May:** Yes, we are already operating under GMPs and have been for some time.

**Rayman:** Yes. As a company, we look forward to the implementation of federal GMPs. We think it's important that the industry have GMPs, and get rid of some of the less-than-reputable contract manufacturers that are out there.

**Schaeffer:** We currently operate using GMPs and have no worries about the impending FDA GMPs. We do not foresee the FDA imposing stricter GMPs for dietary supplements as compared to OTC facilities.

**Seals:** Capsugel is cGMP-certified and manufactures all products in pharmaceutical-grade facilities.

**Seow:** I think all manufacturers should use GMPs and try to comply with all FDA regulations. It is the customer's responsibility to visit the contract manufacturer's facility to make sure they have GMPs in place.

**St. Clair:** Yes, we have two GMP certifications: NNFA and NSF. We have been working very closely with these two institutions to ensure that if—and when—FDA issues final regulations, we will be in a good position to make small changes.

**Stallings:** Merical Vita-Pak maintains drug licenses with the state of California and FDA, and was the first contract packager to receive NNFA's GMP certification. We encourage FDA to adopt a set of GMP guidelines for the nutritional industry because Merical Vita-Pak is already operating under strict FDA standards, and we feel this will greatly increase our sales volume.

**Udell:** Yes, we are, and have been since our plant opened in 1995. I think the impending FDA GMPs will better level the playing field, as well as raise the bar for all participants in our industry by establishing minimums that all companies will be required to operate by. Likewise, it will challenge us to stay one step ahead of the competition because we already abide by the pending FDA GMPs and look forward to improving our quality systems and processes even further.

**Wehling:** We are currently operating under GMPs, as we grew out of a pharmaceutical business into the nutritional products area. We do not think the impending GMPs will affect our operations at all, unless the proposed regulations are a significant departure from GMP regulations outlined in CFR 21, Part 211. Currently, the concept of GMPs for the majority of nutritional manufacturers is somewhat of a misnomer. There is not a recognized, regulated agency that has the ability, or the desire, to inspect nutritional product manufacturers. The current GMP label is very loosely interpreted, with all companies claiming to operate under GMPs. This is a fairly simple statement to make, since FDA has no jurisdiction over inspection of production facilities.

**Williford:** Oh yes, absolutely. We have state and federal drug manufacturing licenses, the NNFA GMP certification, and we've been audited by USP and Shuster. As a practical matter, most of the large clients in the industry have an audit team. So even though you may not

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have regulatory licenses, sometimes the toughest scrutiny comes from your client's audit team and QC people as opposed to state or federal regulatory agencies. It will not affect us because we actually comply with all of those right now. But I can tell you that it will probably force some people out of business or make them change the way they do things. It's quite clear the evolution of this industry is toward pharmaceutical standard manufacturing; eventually it will be one and the same. We saw that coming about six years ago and have responded accordingly. But, for people who have not done that, it's going to be very tough to catch up.

**Yousuf:** Kabco is currently operating under strict GMP guidelines. The implementation of FDA's GMPs, while they shall be adhered to, might induce a rise in cost that may eventually reflect on the product cost.

### What challenges have you faced in light of increased homeland security measures?

**Karim:** Despite the increased government involvement in import/export issues, our international business remains healthy.

**Kaufman:** The only issue that we have come across was a request for confirmation regarding what the application was for one of the ingredients we were dealing with. Other than that, the only issue that temporarily held up the flow of goods was the dock workers' strike on the West Coast.

**Koon:** There has been a slight increase in the time it takes to import and export items.

**Schaeffer:** We have reviewed our material supply requirements and, when necessary, have entered into contractual agreements to secure and maintain a steady flow of materials.

**Seals:** Capsugel has taken extra steps to help ensure product security for our customers and their consumers. We have made our customers aware of the security enhancements made in the last year and a half.

**St. Clair:** We have implemented many security measures in our facility and how we do business. One item of concern was receiving outside materials from other countries; therefore, we will not receive any material unless it has a wire tag that has not been broken or tampered with, and we send out all products with security tape as an added measure.

**Udell:** The biggest hurdle we have run into in light of the increased homeland security measures is sometimes clearing raw materials through customs. Many times, what used to take days now sometimes will take weeks, and that increases the challenge to deliver finished goods in a timely manner.

**Williford:** There have been three or four specific instances. In some cases, there have been delays in getting some raw materials through customs. Certainly, many clients did not previously ask for specifics on security, access to the production site or computer security—those questions are now being asked. They're also asking for contingency plans in the event of transportation systems being disrupted or power plants blown up or something like this. Raw materials is one area, and plant security and computer security are others. They want to see written SOPs [standard operating procedures] as far as the contract manufacturer's security procedures. Most larger clients have now specifically requested SOPs addressing those areas.

### Are there any particularly hot ingredients or categories at the moment?

**Karim:** The year 2002 was full of hot ingredients, including Relora®, Phaseolamin 2250® and coral calcium. In addition, due to the controversy surrounding ma huang/ephedra, many of our customers have switched to synephrine-based products, which have the same thermogenic properties as ma huang/ephedra formulas.

**Koon:** Non-stimulant weight loss raw materials and products—specifically CLA (conjugated linoleic acid).

**May:** Camu camu berries from the Amazon rainforest are very hot. These berries are the richest known source of natural vitamin C. Camu concentrate makes it possible for a manufacturer to offer substantial amounts of vitamin C in just about any product without adding ascorbic acid.

Whole food nutrition is also growing rapidly. Natural products customers want whole, *natural* products—not fractionated or synthesized compounds. We are seeing this in an increased demand for phytonutrient-rich superfoods such as wheatgrass, beet and carrot juices, sprout powders, algae, freeze-dried berry powders, whole herbs and medicinal mushrooms.

**Rayman:** Nothing much has changed. It's still weight loss. But we're doing more in sports nutrition than we've ever done before. That seems to be the growing area. People are beginning to shy away from ephedra, but we still do some manufacturing with ephedra products. For the most part, most of our customers are asking for alternatives.

**Schaeffer:** Since the report that multivitamin/mineral supplements are beneficial for all adults, our production levels for these types of product have dramatically increased.

**Seals:** Reformulation requirements for weight-loss products is one "hot" category presently. For our Licaps line of products, fish oil derivatives are becoming increasingly popular.

**Stallings:** As a contract packager, we have seen a tremendous increase in the packaging of powders as a delivery system for vitamins and other supplements. Sizes can range from a simple 1-gram packet to a 2-ounce meal replacement pouch. Also, we have seen great growth in the need for secondary packaging (i.e., shrink wrapping, bundling, cartoning, clamshelling) as marketers work to differentiate their products in the various retail distribution channels.

**Wehling:** I really tend to try to look toward categories rather than ingredients. Categories generally encompass a broader market base than do individual ingredients, and individual ingredients are sometimes difficult to judge with regard to benefits because very few, if any, raw material companies perform double blind, controlled studies with the ingredients they sell. A double blind, controlled study performed by an FDA-regulated clinical laboratory currently costs between \$150,000 and \$250,000. Most companies are not capable of, or willing to, spend this kind of money on clinical studies for a raw material for the nutritional product market.

Categories, on the other hand, are identifiable and trends do exist. One category that continues to perform well, and is growing every year, is the market catering to that portion of the population entering the retirement years. Physicians in the mainstream recognize the importance and benefits of calcium, magnesium and vitamin D for improving bone density, and more and more, they are recognizing the benefits of joint supplementation, typically with chondroitin and glucosamine.

Another segment of the market that is growing and is somewhat gaining credibility is the "anti-aging" segment. There is particular

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interest in growth factors, growth hormones, glandular extracts, and amino acids and herbal ingredients that are designed to stimulate brain or other organ activity.

There are always companies looking to differentiate their product lines with new dosage forms. Three of these seem to be most prominent in the last year or so: 1) concentrated liquids that only require a very small dose, often using a dropper; 2) fast dissolving, or “quick dissolve,” tablets that can be placed in the mouth and will disintegrate within 20 or 30 seconds so the consumer does not have to swallow water to take the desired product; and 3) effervescent powders and tablets, which can deliver to the bloodstream a large amount of active ingredient dissolved in a small amount of water. These are all highly portable dosage forms, and seem to fit well with consumers’ desires for fast action and convenience of use.

**Yousuf:** Weight loss still seems to be popular and new ingredients to replace ma huang (ephedra) seem to be coming up.

## What are the primary issues involved in working with a contract manufacturer?

**Bennett:** Quality is the most important element of a product. But quality comes in different levels. You have the high quality that everybody is looking for, expects and actually demands today in the marketplace. Then, there are the companies that make products with a “just getting by” quality. And, there are the plants with the “don’t ask don’t tell” policy. These products are never checked, and the seller could be unsure of quality. Today, the customer assumes that the highest quality is used in dietary supplements.

**Karim:** It is best to contact contract manufacturers early in the product launch cycle, and it is important to notify the contract manufacturer of your marketing and distribution plans. Several ingredients/products are not legal in certain states and/or countries, and may require different labeling. By presenting this information to the contract manufacturer early, customers can help in the label design and marketing process.

**Kaufman:** The primary issues include production capacity, quality control systems, overall finished product quality, reliability (as far as turn-around time is concerned), pricing and customer service.

**Koon:** Honestly? Being paid on time. Late payments affect cash flow. Seriously, I think the primary issues are related to quality and timely performance.

**May:** Experience, quality, integrity and communication. It is important to select a manufacturer that has experience with a variety of materials. In this way, the customer won’t need to spend a lot of time learning processes to complete a project or make costly errors when dealing with an unfamiliar material. The success of a final project depends upon the contract manufacturer’s personnel being experienced and properly trained. For purposes of quality control, it is important that a contract manufacturer have a climate-controlled facility—low humidity discourages the growth of microbes, as does proper air filtration. The contract manufacturer’s equipment must also be compatible with the processes required to produce a product.

It is also very important to choose a contract manufacturer that shares the customer’s commitment to quality. To ascertain this, the customer must ask questions about the protocols and procedures the contract manufacturer implements to ensure the safety and efficacy of a product. Solid two-way communication affects reliability and the success of a production run. There is much to coordinate in a contract production run to ensure its success. Not only should contract

manufacturers share information about themselves with the customer, but the customer must be timely and responsive to the manufacturer’s requests. It is not uncommon for companies to delay returning calls or providing pertinent information, samples or materials to their contract manufacturer. This can disrupt an entire production schedule and lead to frustrating delays.

**Rayman:** Clarity of desire. If a customer can give us a clear, concise picture of what they want, then that’s exactly what they’ll get.

**Seals:** When working with a contract manufacturer, one must take great care to make certain that all of the raw materials used in manufacture of the product are equal or superior to the quality of the active ingredient.

**Seow:** Again, the customer needs to visit the contract manufacturer’s facility—often—to ensure products are being manufactured accurately and ethically, the way the customer would like. The customer that sells the products has to know what’s in the bottle, and that what is printed on the label is accurate and is safe for consumption. It’s the customer’s name on the line!

**Stallings:** The biggest challenge for any customer is to identify with the packager what service the customer requires. This involves not only the look of the finished product, but the quality, pricing and delivery schedules.

**Udell:** Knowing up front what your expectations are and making that clear to the manufacturer. At SoftGel Technologies, we take a special pride in being a hands-on, full service manufacturer of custom softgel formulations. As with every relationship, however, it is important for all parties to communicate clearly what their goals and expectations are, so as to avoid unnecessary conflicts or missed deadlines.

**Wehling:** Issues that customers of contract manufacturers face are: 1) Does the contract manufacturer have the proven development capability that is needed? 2) Is the company really capable of delivering the product desired in the quantities and of the quality expected? 3) Does the contract manufacturer have a good reputation in the industry? 4) Does the company have personnel that can fully support the customer? and 5) To what level of service can the contract manufacturer deliver to the customer (i.e., development, quality control, package design, production, packaging, shipping, etc.) ?

It is much more efficient for the contract manufacturer to work with one or two designated individuals within the customer’s company, provided those individuals have the responsibility and authority to fully control the project that is undertaken.

**Williford:** From the client’s perspective, I would think some of those items that we touched upon briefly to begin with. That would be their QC procedures, their track record, do they have a drug license or not, actually going to see the facility—it’s amazing how many people will just call up and order something and never take the time to see if you’re actually working out of a post office box or not. Customers need to take some time, do some homework and investigate the manufacturer.

**Yousuf:** Some customers want the best quality product at a cheap price. This combination is sometimes not possible to provide.

There are times when customers do not understand the entire manufacturing process and, therefore, expect their orders to be filled within five days of issuing a purchase order. This can be an unreasonable demand at times.