

SHARPLY DEFINED NICHE DRIVES GROWTH

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By Jim Curley



"I know this sounds like a cliché," Jason Ray says somewhat abashedly when asked how he would define his company, "but we are so focused on customers that we will turn on a dime to help them succeed."

For CPS, the sheet plant Ray founded in 1994, "turning on a dime" often means workers will stay past their quitting time to fill a last-minute order or will interrupt a scheduled production run to accommodate a customer who has miscalculated his needs and calls for more product. "We've worked hard to hire quality

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employees and put them in the right positions. In turn, our workers are eager to do whatever it takes to please the customer," Ray explains. This dedication to customer service, coupled with the company's ability to consistently hit 100% fill rates and 100% on-time targets, has spelled success for the corrugated converter.

Westfield, Ind. based CPS Inc. has seen double-digit growth each year of its two decades of existence. With an expansion of its Indianapolis area manufacturing facility on tap in 2015 and the opening of additional plants in other areas of the country likely in the near future, CPS (short for Corrugated Packaging Systems) is clearly on the move.

Like many independent box makers, the company found a niche early on and has widened its influence within that niche. "We do pads, circles and trays, mainly for the bakery trade, but also for the pizza and other ready-to-eat businesses," Ray explains. "That's 90% of our entire business." For its unique converting niche, CPS relies on a supplier that is also uniquely suited to fill its needs.

"Jason started out with one of our used T-series diecutters at a CPS plant in Nashville," remembers Vern Engle, Sales Agent for Baysek Machines Inc. "Since then, he has purchased three new C-170 platen diecutters." Except for a Corfine rotary diecutter and a Xante digital printer, the three C-170s are the only major machines in the Westfield manufacturing plant.

The success with its Baysek diecutters has put to rest the notion that a rotary diecutter is always more productive than its flatbed counterpart. "I went from five rotary diecutters to three flatbeds, and it wasn't because I lost any business," Ray says. "For my purposes with the bulk of my business,

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flatbed diecutting has been more effective and more efficient.

"Rotary diecutters may run faster, but the typical rotary is a 66-inch machine," he adds. "The profile on the C-170 is larger so that with each cut we are able to yield more product out. In addition, with a rotary diecutter, the product just comes flying out of the back end. There's no way to handle the product efficiently. With the Baysek, the product comes out neatly stacked, even counted out if you want. With all these advantages, it was easy for us to make a change to the Baysek flatbed."

From Cartons To Circles

Ray began his career in the folding carton business. "I was affiliated with a folding carton manufacturer and sold to a lot of bakeries. In my discussions with buyers, I discovered there was a real void in peripheral items for cake boxes — circles, pads and trays. So I struck out on my own," he explains.

CPS initially commenced manufacturing in a 15,000-sq-ft plant in Nobleville, Ind. "In 2007, we doubled our space, moving into a plant in Indianapolis. The next year, we moved into our current 70,000-sq-ft facility in Westfield. By the end of this year, we will have additional space in a building next door to our current plant," Ray says.

"In 2006, we sold a used T-series diecutter to CPS," Engle says. "That was initially installed in Nashville, but then moved to Indianapolis. CPS upgraded to its first C-170 in 2007, then bought its second C-170 in 2008. In fact, they bought it off the floor of SuperCorrExpo in Atlanta that year." In 2013, CPS bought its third C-170.

Ray notes, "Every time we expanded, we bought a new C-170."

Though improvements are made

with each new version of the diecutter, the variations are minimal. "The real learning curve came when Jason bought his first C-170," Engle says. "The T-series diecutter he owned had a mechanical gear box instead of a servo drive. While this diecutter is a fine machine, it does have chains and sprockets and needs more maintenance. The rapid growth of Jason's business hinged on more reliability from his diecutter, so his move to the servo-driven C-170 was a logical one.

"There is almost no learning curve with each new C-170," he adds. Each handles maximum sheets of 55 inches by 67 inches, has one operator capability and features quick setup and no makeready. It can cut from F-flute through doublewall and features a servo drive control system and 100% pneumatically stripped waste. The cycle speed is 1800 sheets per hour.

CPS's three diecutters are parallel to each other and in close proximity on the production floor at Westfield. "At times, we can even have one operator running two machines," Ray says. The three conveyors at the takeoffs of the machines merge into one downstream where product is sent to be stretch wrapped. Product coming off the Baysek can be either case packed or bundle wrapped, depending on the customer's directive.

The converter will ship from three to eight truckloads of product daily during its two-shift operation. It sells both directly to bakeries and other customers as well as through brokers; it also utilizes a distribution center in the Southeast to expedite deliveries to that region of the country. CPS's inside sales staff consists of only two people out of its total workforce of 44.

The company also offers fulfillment. Ray explains, "Certain customers want us to bring in an outside item and pack it in our products. We do a lot of retail



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packs where we take product and get it ready to sell on the store shelves of giant retailers or a craft or hobby store, mostly through distributors. It's very labor intensive work."

"One of Jason's strengths is his ability to problem-solve for his customers — not only on logistic issues but also on matters such as coatings and decorative alternatives for various baked products," Engle notes. Ray adds, "When I struck out on my own, I had plenty of experience with folding cartons, but my knowledge of corrugated came through trial and error." Today, CPS's major supplier of corrugated sheets is Schwarz Partners's local sheet feeder. "We will go and spec out liners whether printed, coated or laminated and send them to the corrugator for combining," Ray says.

In November, CPS purchased a five-color Xante Excelagraphix 4200 digital printer. This machine features Memjet Waterfall Printhead Technology, which delivers more than 3 billion drops of ink per second. It can print on heavy corrugated up to five-eighth inches thick and is said to excel at short-run, custom printed and prototype work.

Bright Future Ahead

Though CPS has virtually a coast-to-coast reach with its specialized products Ray sees an expansion of its manufacturing capabilities to other regions of the U.S. "We're looking to expand to the West Coast and the Southeast in the near future with facilities in the Reno and Atlanta area likely," he says. "This expansion will enable us to better serve our growing customer base and reduce our freight costs."

This expansion is also certain to mean more business for Ray's preferred diecutter partner. "Definitely, definitely.

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We'll be looking at more equipment opportunities, specifically in gluing, laminating and coating, but Baysek's C-170 has been a perfect fit for our business. Their machines have really helped us improve our manufacturing processes.

"Another thing that I like about Baysek is that they've got a personal

touch," he adds. "If they're in the area, they'll stop by our plant to see how we're doing or call us from time to time to see if there are any issues. We're not just a number. We don't get the attitude from Baysek that 'We sold you a machine. If you've got a problem, go through our warranty department.' With Baysek, we deal with the same people

all the time.

"Like us, Baysek is a family-owned company," he continues. "I have a son and a daughter. My son works here summers while he's attending college. When they're old enough, I'd love to see my children involved in the business. That door's always open."

The Season Is Always

The cake season used to be seasonal, peaking during the winter holidays. With the popularity of ice-cream cakes, seasonality is no more. Also, bakers are increasingly seeking to differentiate themselves in a "boutique" marketplace (think of the popularity of the cable TV series "Cake Boss"), in part through packaging. For CPS, this translates into increasing use of special foils and more intricate diecutting.

The law of diminishing returns would make it reasonable to assume that double-digit growth in sales would be more likely, say, between a company's fourth and fifth years than between its twentieth and twenty-first years, but Ray doesn't see the journey as impossibly uphill. He's upbeat. "In the most recent recession, the food and drink sector held its own. We learned that people have to continue to eat," he notes with a laugh. Ray roughly estimates annual sales as "between \$10 and \$20 million."

Reflecting on two decades of success," he says. "I've been very, very fortunate."

His attitude brings to mind the Spanish proverb, "Diligence is the mother of good fortune." His initiative and drive, combined with his company's focus on its manufacturing processes and customer service, has made CPS a real force in the corrugated business. And, with at least one supplier-partner, the company has chosen wisely. ■

It's More than Our Machine... It's Our Method.

- ▶ One Operator
- ▶ 100 % Automatic Stripped Waste
- ▶ No Nicks/Tags or Angel Hair
- ▶ One Out to Complex Multi-Outs
- ▶ F-Flute through Double Wall
- ▶ Precision Counted & Stacked
- ▶ Ready for Strapping or Stretch Wrapping Load After Load...

✓ Proven

✓ Predictable

✓ Profitable



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