

5 things you must consider

before you flavour and formulate your next product...



Nutraceutical brands are under constant pressure to introduce innovative new products and bring them to market quickly and at a competitive price.

Below are 5 things you should consider before you flavour and formulate your next product:



Who owns the formulation? Are you Sure?



We are asked routinely by brand owners to reverse engineer their formulation when they shockingly realize that they don't have it, and don't own it. In most cases, an agreement to formulate a product was initiated, that developed into a manufacturing relationship, and in the majority of cases, no one asked "Who owns the product formulation?"

Intellectual property (IP) is extremely valuable, both to the brand owner and to the product developer. If they happen to be one and the same then all is well and good—the IP belongs to you. But, if you're contracting to have an idea formulated into a product from scratch, you can expect that the IP will belong to the product formulator.

In order to be sure you own the IP you must pay for the product to be developed, and by doing so, specify that you are paying to retain the rights to the formulation. That should be good enough. But, depending on the fee and the amount of work and trialing involved, that still may not be enough to get control of the formulation.

Other arrangements to consider? We had developed a series of successful products from scratch for a client and for several years, did their manufacturing. They didn't own the formulations, but through creative negotiations the manufacturing agreement contained valuable volume milestones, that once met, assured the IP transferred to the brand owner. Everybody wins in that case.

So first and foremost, ask the question. Second, try to pay to own it upfront. If you can't agree, then build an agreement that provides attractive terms for both parties that once met, allows the transfer of the IP back to you. If none of that is possible, know that you may need to pay to reverse engineer one day, and be settled on that outcome. It's not the end of the world, so don't sweat it.

Just be clear about who owns it.

2

Getting to market quickly.



Quite often market leadership goes to first-mover advantage. For a brand introducing a new product, you have a lot to lose if you choose the wrong partner and they can't get you out of the gate quick enough.

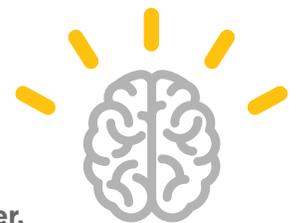
In other words, this could be your most important decision of all. Make the right one and you're first in and have a distinct advantage. Make the wrong one and first mover advantage goes to someone else and you're left chasing the market leader.

Get a deep understanding of their process and get assurances for production milestones. Also, know that you, as the client, play a major role in the process. Make sure that you have a robust evaluation and approval system in place and that you can provide meaningful feedback on flavour, texture, colour, dosage and overall experience.

At Rhema, we have completely overhauled our process to eliminate waste and duplication in order to dramatically improve the speed at which we deliver quality formulations. Now, we measure product development cycles in weeks, not months.

3

Experience is not the equal of *Expertise!*



Before you enter into a relationship with a formulator or contract manufacturer, you need to do your homework and go through a formal evaluation that satisfies criteria related to:

- How long in business? What is their reputation? What are references saying?
- Clear FDA records?
- A strong quality presence and the strength of the quality team. Look closely, quality should be the DNA of the business.
- Manufacturing capabilities and processes. Do they have the equipment you need? Can they scale?
- Supply chain and vendor inventory strength. Can they attract cost savings through long-standing vendor relationships?
- Certifications and 3rd party audit results. How do they look?

These are just table stakes when looking at potential partners.

What sets the best apart from the good, is deep expertise in the products you're producing.

- Have they developed market leading products from scratch?
- How do they approach the fine art of flavouring?
- Have they developed line extensions and new items offering many delivery system options and packaging options?
- Can they execute at a scale with Big Box chains and meet delivery and on-time metrics?
- Do they have their own lab for testing to reduce costs and lead times?

Clearly you want expertise, not just experience, if you're going to scale your brand and go faster than your competition.

4

Who is responsible for product development and innovation?



Is your contract manufacturer only responsible for meeting your brand specifications for quality, potency and purity? What happens when your marketing department is out of ideas?

Make sure you have a partner that has their finger on the pulse of new ingredients, flavours and formulation developments globally. Ask them about emerging trends that they are seeing. Regularly scheduled collaborations between your team and the formulation/flavour/manufacture is a great way to brainstorm new innovations.

At Rhema, we are always looking to improve products wherever possible. Whether that is using more bio-available ingredients, better engineering of products to meet label claims, or through the introduction of different delivery systems, we're not satisfied until your product is the absolute best it can be at the price point you're wanting to hit.

5

Is cheapest really the best option?



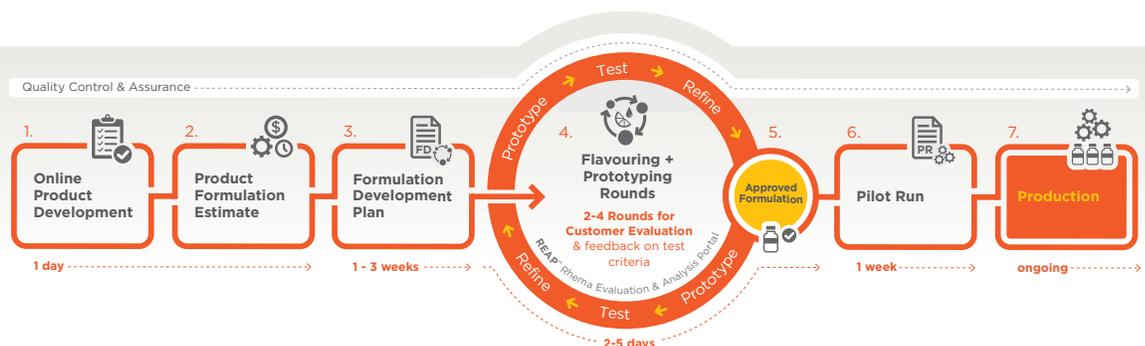
If you're getting your product at a price that is significantly less than competitive quotes, you need to ask yourself why.

Everyone in the supply chain deserves to make a fair profit—including you. It's a sustainable business practice that builds solid partnerships and reliability. Be a great client and everyone will bend over backwards to help you meet your goals.

Understand the costs throughout the entire supply chain—from the farm to final lab testing—any shortcut can lead to a recall. Be sure that there is integrity in your finished product through signed quality and supply agreements. Because any short cut will cost you in the long run.

Choosing a partner that delivers extraordinary value is in everyone's interest. But that doesn't mean you necessarily go with the cheapest quote. Paying a little extra for your product is definitely cheaper than failing to meet label and regulatory requirements.

Our Rapid Formulation + Flavour Process



Ready to create **your next great product?**

Contact a Rhema
Representative directly at:

1.800.607.4362

info@rhemamade.com

Or [click here](#) and get a
headstart by filling out our

Online Product Builder.



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Rapid Formulation
+ Flavour Specialists