

Packrite's Crossover Concept Hits The Ground Running Michael Drummond Competes By Not Competing

By Taryn Pyle



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Meet the new guy on the block, Michael Drummond of Packrite LLC of High Point, North Carolina. He arrived less than a year ago and has already shown solid and steady growth where those already on the block might be wondering what has happened to some of their business.

It's not that Michael Drummond, the founder, has shown up and slaughtered the competitors; it's that he has shown up with an idea that not only benefits himself, but that is a definite benefit to the other box plants in the south east. "The secret, if it really is a secret," Michael told me, "is that we are a crossover company." He explained that he does high quality microflute top sheet as well as paperboard, and he does not do any printing."

Confused? I have to admit that I was a little, too. But when he explained that his research showed there was so much local printing capability in the area I began to see where he was headed.

We all know that getting into the box business is capital intensive. You can't do it without a lot of expensive machinery and some pretty high labor costs. But you can do it a lot better when you see and occupy a niche that can be served without a printing press, and with a few well-chosen and modern machines. And that's where Michael's crossover concept started to

make sense to me. "Then," I asked, "are you thinking of these box plants as your customers and not as competitors?" "You've got it!" he replied.

An Idea, the Right Place and the Right Time

Although the company is new, Michael has been around the block a few times and he knows what works and what doesn't. He cut his teeth in a family owned box company and knows when to tap other sources and when to be the source that others want to tap. "I'm surrounded by a number of high quality printing companies," he said, "so it just didn't make sense to have a print shop. On the other hand, I'm in an area where other converters don't pay much attention to quality microflute production. So, my plan was to get state-of-the-art equipment that required skilled operators, but that wasn't as labor intensive as the traditional machinery. The machine that is the focus of my business is an Asitrade that is capable of running a 65 x 65-inch sheet."

He explained that while it was possible to make microflute on traditional machines, any printing must be done on a separate sheet that then must be glued to the top sheet. He said, "With the Asitrade, the top sheet of the corrugated is actually the printed sheet. You marry that in line and

it gives you all sorts of cut, score, fold and registration advantages. The cutter reads the print not the sheet edge and this guarantees a tolerance of no more than a sixty-fourth of an inch."

There is, however, one competitive issue

Some of Michael's customers supply their own top sheets and others simply turn over the entire job to him. When he gets the entire job, he gets competitive printing bids from a number of quality print shops and goes from there. He can supply finished boxes or high quality printed microflute sheets for further conversion.

Michael's customers are mainly box plants, whether they are doing corrugated or folded paperboard boxes. But, since he also works directly with box user customers he occasionally finds himself faced with a competitive situation. An end user customer might ask for a quote for complete boxes, and a box plant quoting the same customer might ask for a quote on sheets for conversion. "I don't quote against myself," he explained. "I have to keep it fair across the board. This encourages box plants to bring me jobs quickly. If they don't and the customer comes to me first, I just may get the entire job."

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Michael is very open with all his customers, both other converters and end users. He explained that if he weren't it would all be over very quickly. And that's not what he had in mind less than a year ago when he first opened the doors.

At the time of this interview, Packrite is celebrating its six month anniversary. This isn't something most people would celebrate—six years, maybe, but not six months. However, opening a capital intensive business in an economy like the one that we currently face and growing every one of those six months is something to celebrate. Michael was able to bring some customers with him when he opened the business, but without aggressively seeking business based on his crossover concept, he might not be as pleased as he seemed to be when we talked. And this brought us to the other part of the equation—his business plan.

A Business Plan as Precise as His Products

Michael's early experience was with nail boxes, those boxes that hold either one or five pounds of nails that builders throw, cut, and drop without spilling a nail. The one pound boxes are usually folded board boxes and the five pound boxes are most often microflute. "Back then," he said referring to the family business he got his start in, "we were the only company that could produce both. It can be done on the same equipment, but it was a 'mentality' issue for most of the others."

It was this 'mentality' notion that became the core of the crossover idea that has been successful for Michael. "You can do microflute on conventional equipment," he explained, "but you still have to glue any printed material to the top sheet. The business I envisioned bypassed this step with the Asitrade and made me not only competitive, but able to offer a much higher quality microflute product. But, that was only the beginning. By not doing the printing, I greatly reduced my start-up and operating costs. By seeing my 'competitors' as potential customers I could project a much larger and more readily accessible market than I would have had if I went head to head with every other box plant in the area. As it is, I have no direct competitors in the southeastern US, and this is a very comfortable way to work."

Packrite currently has 22 employees, but Michael feels that to make maximum use of his capacity, 30 would be the optimal level. I'm sure that the next time we talk with him he will be able to report that he's hit the mark.



As a final note he added, "Since I do only microflute, I am not a threat to any of my brown box customers. If a brown box customer went to one of the big box conglomerates for microflute, that conglomerate probably does folded boxes as well and just might walk away with all the business. I don't do any brown box work, so we are not a competitive threat. And, I can supply finished microflute either as sheets or boxes. My box maker customers have all the flexibility they need, plus the high quality I can offer without a glued-on top sheet."

It's this kind of thinking that is going to be critical in the years ahead. And it's been a pleasure to talk with Michael Drummond, one of the people we know who will be on the leading edge, which ever way the world—the packaging world, that is—turns.



Employees of Packrite work hard as a team to keep customers coming back.