

Steeped in service, poised for growth

Tea, both iced and hot, is key to growth for DAMRON Corp., which started as McDonald's first National Diversity Supplier and continues expanding.

BY BOB SPERBER, Editor

About three decades ago, a gentleman named Ronald Damper left a 15-year career as a vice president with Citicorp when the growth of the fast food sector caught his imagination. After considering becoming a franchisee, he instead found a unique opportunity to become a supplier for McDonald's. In 1985, he became Founder, President, and CEO of DAMRON Corp., the first system-wide supplier of McDonald's-branded tea, as well as that organization's first National Diversity Supplier.

Initially, the company solved a problem for McDonald's by replacing nonstandard offerings with consistent McDonald's blends of hot and iced tea system-wide, Damper says, "so if you go into McDonald's and order a sweet tea, you know it's the same taste and quality everywhere you go. We saw an opportunity that was ahead of the curve, and have continued to grow ever since."

His vision was prescient; the U.S. wholesale market value for all tea grew from \$1.84 billion in 1990 to \$11.5 billion in 2015, according to the Tea Association of the USA. Last December, Packaged Facts pegged annual retail sales in the foodservice sector alone at \$20 billion with a five-year high annual growth of 4.3%.

Today, DAMRON is capitalizing on this trend, and is also diversified as a manufacturer, contract service provider, and marketer serving tea and much more at locations from McDonald's to Walmart to specialty stores and, of course, online.

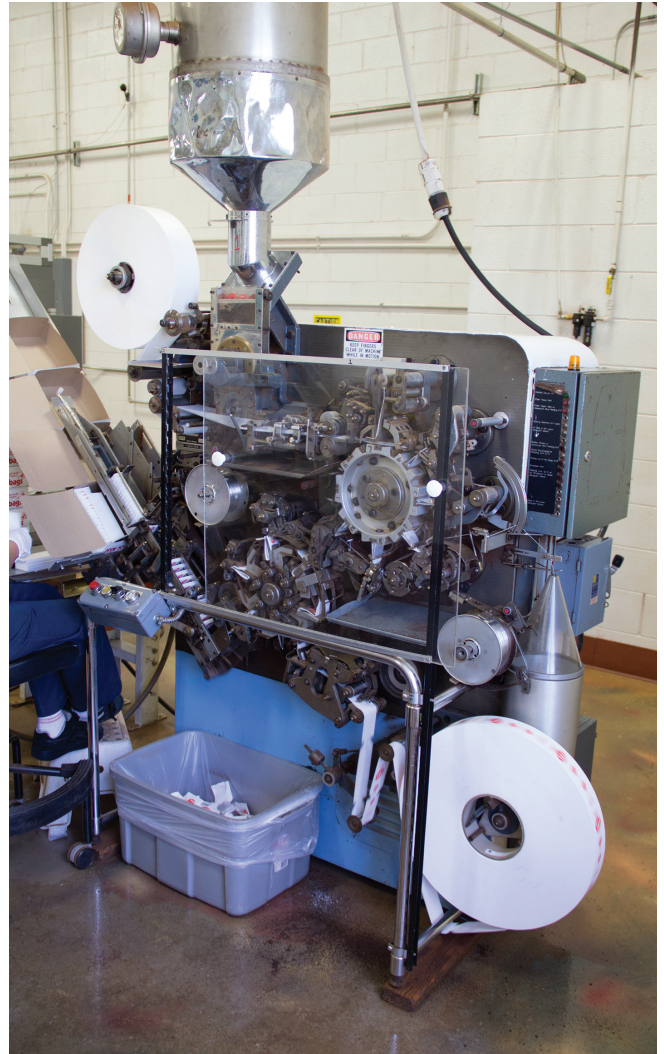
Steady growth

The early purchase of a tea business in Boston and 16,000 square feet of manufacturing space at a Chicago-based industry incubator got the company started, allowing it to supply McDonald's restaurants from the Midwest to the West Coast.

The company produces teas, from mainstream to premium herbal and health-and-wellness blends, for private-label and co-pack customers. DAMRON also markets its own brands of tea and accessories under names including Amar Pyramid Tea with Nutrition, Harvest Delight, Healing Teas of the World, and Kimberly's. DAMRON's experience with co-packaging tea and tea-related items led the company a few years ago to further expand its co-packing operations, providing services that range from gift packs to club-store multipacks for products in a variety of categories.

DAMRON employs approximately 50 people, with additional temporary help as needed. Operations are spread between a

50,000-sq-ft headquarters facility in Chicago and its co-packaging business, DAMRON Packaging and Logistics Groups (DPLG), with a 32,000-sq-ft plant in Bensenville, IL. The company is also expanding operations with access to five additional U.S. locations through a partnership with co-packer and supply chain service provider **Coregistics** (www.coregistics.com).



Tens of thousands of tea bags are produced annually on three vintage semi-automatic bagging machines like this one.

"We recognize that growing in this space requires building strong relationships and engaging in collaborative efforts—key areas that we sought to develop early," says Tony Cort, Senior Vice President for DAMRON Packaging and Logistics Group. This strategic relationship grew from a meeting Damper and Cort had with Coregistics' CEO Eric Wilhelm at the 2016 Annual Meeting of the Contract Packaging Association (www.contractpackaging.org) earlier this year. "We forged this relationship and subsequent partnership because we want to provide supply chain support from design and manufacturing through warehousing, logistics, and supply chain management for our customers," says Cort. "We know what we're good at, but we know we can be better together. We see how we can make a difference in this business, and create new and innovative opportunities for our customers through advanced solutions."

The private company continues to grow, especially in contract packaging, adds Damper: "We think we can grow to several hundred million dollars in revenue in the next five years. It's a matter of getting the best people, providing the highest quality production, using the right technology—including information technology—and managing our processes."

Amid expansion, tea remains at the core of DAMRON's business, so it's appropriate that the company decided that its headquarters tea-production site was the most fitting to open to a plant tour by *Contract Packaging*.

Tea production overview

Production for all teas, both pouches of iced tea and hot-tea bags, includes several functions that are common to both. For quality and safety, all tea—for hot or iced varieties—and packaging materials, such as filter paper for teabags, are maintained in segregated humidity-controlled storage areas. Material handling starts with sealed, bulk "super sack" bags fed in a closed system that feeds tea blends through augers, then conveys tea via a vacuum system to overhead hoppers for

individual bagging machines (for dry tea) or to a blender (for iced tea syrups). The machines are equipped with level sensors and automatic volumetric dosing and feeding to keep the hoppers full and uptime maximized. Magnetic systems at the bulk

hoppers as well as on the production floor prevent physical contaminants from entering the product flow. During production, inspections are performed approximately hourly, depending on the product, to ensure product and package quality.

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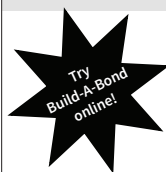


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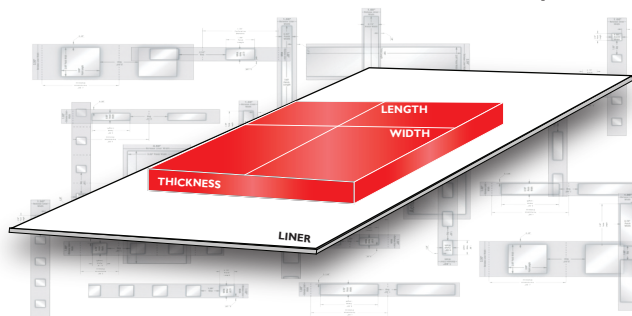
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Packager Profile

Hot tea bagging

For hot tea, all machines share basic processes, from vacuum in-feed to the use of filter paper rollstock that's cut, formed, and heat-sealed into bags, which are also vertically indexed. Tabs are affixed via cotton thread, and the machines also form outer envelopes before cartoning and subsequent case-packing and palletizing.

Three older **Constanta** (www.teekanne.com) semi-automatic machines have long served customers including McDonald's. The printed, outer envelopes incorporate tear-off perforated staple-free tabs to allowing customers to dip the bags for steeping. Cartons are manually prepared and brought to the line, and casing and palletizing operations are also manual.

To accommodate its future growth, DAMRON recently installed a new Model MD20 Plus from **TeaMac** (www.teamac.net). In addition to integrating all of the functions of the older machines in an enclosed small-footprint skid, it automates new steps, including automatic bag and carton detection/rejection, carton forming and checkweighing. The new system also simplifies production by sewing the bag's thread to bags and tabs.

In addition to integrated mechanicals, the TeaMac system provides a much greater level of electronic automation, including new controls and touchscreen-based human-machine interface (HMI) software from **Square D** and **Pro-face** (www.profaceamerica.com), respectively—both units of **Schneider**



A new Model MD20 Plus from TeaMac increases throughput in a highly automated system with controls from Schneider Electric controls and a touchscreen interface from Pro-face.



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Electric (www.schneider-electric.us). The system includes sensor-based diagnostics, alarms, and auto-stop functions for virtually every subassembly and operation, including improper rollstock feed, stacking of teabags for cartoning, and solenoid valve actuation throughout.

"If anything doesn't run right, if the tea stops flowing, if we run out of tabs—anything—the machine will stop running, set off an alarm, and indicate the problem on the touchscreen," says David Rodriguez, Assistant Facility Manager. This means one person no longer needs to supervise just one system, making floor operations more efficient.

Throughput is also higher at about 200 bags/min, up from 150 for each of the older machines. Combining traditional and new production methods gives DAMRON the flexibility to run approximately 95 million teabags per year of various SKUs for customers.

Iced tea packaging

DAMRON ships millions of pounds per year of fresh-brew leaf iced tea concentrate for McDonald's and others. At the Chicago plant, these are formed and filled (based on weight) using two vertical form/fill/seal machines from **General Packaging** (www.general-packaging.com), each controlled from an operation station supplied by **Automation Software & Engineering** (AS&E, www.a-s-e.com), with software from **Red Lion** (www.redlion.net) monitoring hopper levels and agitation/feeding status, and storing critical production and tracking data. For a typical product, such as 4-oz filter bags of syrup (which restaurants use to mix a 5-gal batch), the typical product rate is approximately 65 bags/min. One opera-



Iced tea concentrate for McDonald's rolls off two vf/f/s machines from General Packaging with operator station supplied by Automation Software & Engineering.



As with production areas, safety and quality are maintained in the warehouse, which is compliant with SQF Level 2, with Level 3 auditing and certification pending.

tor runs each machine, manually loading 32 pouches per case and 75 cases per pallet—but not before placing each case on weigh scale, which stores, and sends, data for coding via a Marsh large-character ink-jet printer from **Videojet** (www.videojet.com). "With two machines running, we can do about 14 pallets per shift," says Rodriguez.

Compliance is key to growth

DAMRON's commitment to quality, efficiency, and growth begins with the standards it keeps. The company is certified to SQF Level 2 under the Safe Quality Foods program of the Food Marketing Institute at this facility as well as the nearby Bensenville, IL, site, and will soon attain SQF Level 3 certification, which goes beyond food safety fundamentals with additional, integrated quality programs. "We have our procedures ready and are now waiting for our final audit," says Karim Kone, Food Scientist, in the Chicago office. These certifications bolster compliance with the U.S. Food and Drug Administration's Food Safety Modernization Act as well as the Global Food Safety Initiative (GFSI). The company is also Organic-certified.

The company is a member of the National Minority Supplier Development Council (www.nmsdc.org). Cort adds, "We are proud of the business segment we occupy; our focus is to do high quality, highly efficient business for our customers."

From branded and co-packed tea to other retail and food products, DAMRON remains committed to growth and customer service. As McDonald's CEO Steve Easterbrook said last fall in congratulating the company for its 30th Anniversary, "Cheers to simple, easy enjoyment for our customers—and another 30 years of success for DAMRON." **CP**