

COVERTECH FLEXIBLE PACKAGING

BACKWARD INTEGRATION INTO THE FUTURE

When this Toronto-based extruded film maker purchased a packaging supplier four years ago, it didn't just change its name; it changed its business. And business is now booming.



By Mark Stephen, editor

Name changes don't usually mean much. The Phoenix Coyotes rebranded themselves as the Arizona Coyotes last year, for example, and it hasn't amounted to a hill of beans — hardly anyone noticed and the team is still in the NHL cellar, standings-wise.

Once in a while, though, a name change actually does make a difference. Extruded film maker and packaging supplier Covertech Flexible Packaging Inc. is a case in point. Back in the days when it manufactured pool coverings and reflective insulation material, the Toronto-based firm was known as Covertech Fabricating. But when it bought the assets of Mississauga, Ont.-based flexible packaging converter Seville Packaging in 2013, a name change to Covertech Flexible Packaging legitimately marked the beginning of a new direction for the company. Fast forward to today, and that trajectory continues with a \$10 million investment program spread out over 2017 to upgrade Covertech's facility and purchase a wide range of new cutting-edge equipment.

FROM POOL COVERINGS TO PACKAGING

Coverttech was co-founded in 1990 by entrepreneurs Furio Orologio, currently the company's president, and John Starr, the firm's current vice president/partner. "The company manufactured pool coverings at first, and then developed a reflective insulation material along with packaging material" said Don Habibullah, Coverttech Flexible Packaging's Vice President. "We then introduced film extrusion in 2005. Manufacturing co-ex and monolayer extruded film, as well as reflective insulation, still makes up a large percentage of our business today."

But it was the purchase of Seville Packaging four years ago that was a real transition point for the firm — as well as textbook example of synergy. "Seville manufactured specialty consumer and industrial packaging, including stand-up and re-sealable zipper pouches, laminated rollstock, poly bags, poly woven bags, and solventless lamination materials," Habibullah said. "Coverttech had been looking to get into the flexible packaging sector through backward integration, and the acquisition fit in perfectly with our strategy, while still complimenting our core business of film extrusion. With the two companies under one umbrella, the name change to Coverttech Flexible Packaging perfectly reflected our merger of film extrusion and flexible packaging manufacturing."

Coverttech currently provides film extrusion, narrow and wide web flexo-printing, laminating, and bag manufacturing to customers in both Canada and the U.S., but sees its greatest potential for growth south of the border. "We believe that our future success will come from our greater participation in the American marketplace, and this is what our \$10 million investment project is designed to facilitate," Habibullah said. The firm has purchased a new 10-colour, 65-inch Bobst flexo-press; and is in the process of acquiring a new co-ex



Top Right: Bag making.

Middle Right: Bag printing.

Below: The new BOBST 20SIX flexo-press.

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Coverttech's horticultural and pet food packaging products.



extruder line with new pouch and bag making machinery. “The new equipment will give us more capacity, increased efficiencies, better lead times, and improve our overall competitiveness in the flexible packaging market, which is the sector where we believe most of our growth will come from,” Habibullah said. “The repeat length on the Bobst flexo-press goes from 14.2 inches to 47.2 inches, which will allow us to compete in 12 and 24 bottle overwraps. The new co-extruder will allow us to do custom barrier blends according to customer specifications, which will comple-

ment our existing ability to supply intricate barrier films. Finally, the new bag lines will give us the ability to manufacture quad-seal bags and stand-up pouches, both of which are important markets we want to deepen our involvement in.” The new equipment will be added to Coverttech’s current machinery and equipment lineup of extruders, bag lines, bubble lines, slitters, eight-colour flexo-presses, solventless laminators, envelope line, and micro perforation machine.

YOUTH MEETS EXPERIENCE

The firm, which employs approximately 100 workers, is also revamping the interior of its 107,000-square-foot facility. “Our plant currently has four divisions: Extrusion, Flexible Packaging, Insulation, and Packaging,” Habibullah said. “We’re going to combine all of the manufacturing into one area” This will give us better flow on our production floor which will allow us to gain efficiencies.

Notwithstanding Coverttech’s wide product portfolio and its extensive stock of cutting edge machinery, the firm’s real strength, Habibullah said, is its employees. “Our owners, including Furio Orologio and John Starr, all continue to work in specific areas within the facility, and each has 30-plus years of experience in the industry,” he said. “On the other side, we actively go after the best and brightest young workers: our new head of quality assurance has a PhD in polymer chemistry, for example. We have a young and dynamic production staff, and they’re asking questions all the time. When we purchased Seville Packaging, we brought along all of the employees and added their expertise. All of which gives us a good mix of experienced older workers and young, hungry newer workers.”

The final piece of the puzzle? All of these skilled employees buy into the company’s core business philosophy. “We’re honest; we deliver on time and we don’t compromise on our quality,” Habibullah said. “Customers want innovation and also quality assurance, and we’re trying to be at the forefront of that.”

Which, come to think of it, wouldn’t be a bad business model for the underachieving Arizona Coyotes. **CPL**

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