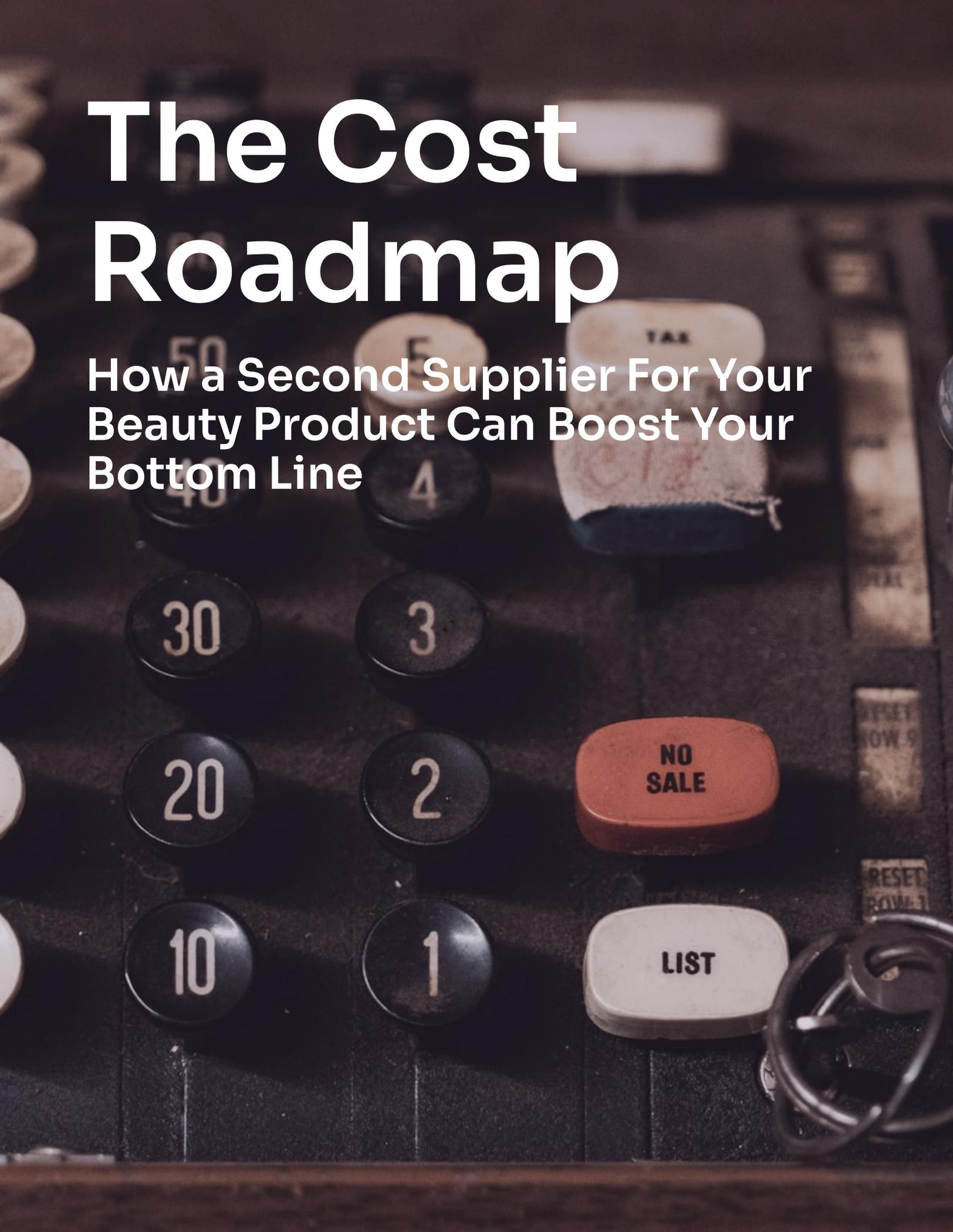


The Cost Roadmap

How a Second Supplier For Your Beauty Product Can Boost Your Bottom Line





Why Cost Matters

Juggling Budgets

When you're juggling marketing budgets, new product launches, and day-to-day operations, production costs can be the biggest barrier to growth. High manufacturing fees force tough decisions—like delaying a new product line or skimping on marketing—to keep things afloat. Those choices can stall your brand's momentum.

1 Supplier = 1 Point of Failure

Relying on a single factory ties your finances to one set of variables. If that partner raises prices or experiences delays, you're on the hook for extra fees. A second supplier spreads that risk across different production options. It gives you more leverage when negotiating pricing and timelines. You're not scrambling to cover unexpected bumps, which keeps your budget stable.

Second Supplier Redundancy

Adding a second supplier also frees up cash for product development, packaging updates, or expanded marketing campaigns. Instead of sinking all funds into one manufacturing setup, you balance costs in a way that supports bigger goals. This extra flexibility often leads to stronger relationships with both suppliers and a smoother path toward scaling your brand.

Full Cost Breakdown

- **Minimum Order Quantities (MOQs)** - Large order requirements can tie up your funds for months. This strains cash flow and makes it harder to pivot or experiment with new products.
- **Cost of Capital** - Money used for production often comes with interest or financing fees. You pay while your goods sit in storage, reducing profit potential.
- **Transportation Costs** - Freight, shipping, and logistics fees can add up fast—especially if the supplier isn't in an ideal location. Each mile, transfer, or handling requirement pushes costs higher.
- **Duties and Taxes** - Customs and import charges vary by product type and country. Overlooking these fees can cut into margins before your products even enter the warehouse.
- **Warehousing and Storage** - Holding inventory costs money every day it sits. You pay for space, utilities, and run the risk of damage or obsolescence if products linger too long.
- **Quality Costs** - Low-quality production leads to rework, returns, or refunds. Fixing mistakes after the fact usually costs more than investing in solid manufacturing from the start.
- **Overhead and Management** - Juggling complex production runs or extra suppliers takes more staff time and software tools. These management costs can quickly eat into your margins.
- **Opportunity Costs** - Locking up capital in one product may mean missing out on faster launches or emerging trends. Slow market entry can cause lost revenue and set you back in a crowded category.



Look at the total cost of purchase

Not just the per-unit price.

One supplier might have a lower per-unit quote but sky-high transport or handling fees. Another might require large MOQs that lock up your cash flow. Evaluating each cost component helps you see the bigger picture—and choose a strategy that supports profitable growth.



Boosting Margins Without Cutting Corners

Sometimes the quickest wins come from small adjustments. You might work with the same formula or packaging for years without realizing there's room to save money.

Small shifts can add up to significant savings. And these cost cuts don't have to hurt product quality. Instead, they help you invest in better branding, more flavors, or new channels—fueling your growth without overhauling your entire line.

Formula Adjustments

- Swap or reduce costly ingredients that don't affect the product's core performance.
- Explore new manufacturing processes that shorten production time or require fewer steps.
- Consider removing unnecessary additives if they don't serve a clear purpose.

Packaging Tweaks

- Choose lighter-weight materials that lower transportation expenses and reduce waste.
- Simplify the packaging design to streamline assembly and speed up fulfillment.
- Opt for standard sizes or shapes that fit shipping containers more efficiently.

Incremental Improvements in Every Step

- Look for places to cut back on labor-intensive tasks, like hand-assembly or special labeling.
- Use efficient machinery or technology that reduces errors and rework.
- Examine your supply chain for extra steps or markups. Sometimes a direct route to ingredients or packaging materials is cheaper.

Cost Checklist

What to Gather Before an RFQ

- **Product Details:** Formula notes, key ingredients, certifications, and packaging specs.
- **Order Volumes:** Minimum run requirements, seasonal spikes, or potential growth targets.
- **Timelines:** Realistic start date, production lead time, and any launch deadlines.
- **Budget Basics:** Upfront investment range, payment terms, and financing approach.

Spot Extra Expenses

- **Logistics:** Freight costs, handling, and any special shipping conditions.
- **Customs & Duties:** Ask for estimates based on materials and product categories.
- **Warehousing:** Short- or long-term storage fees once items land.
- **Hidden Fees:** Labeling charges, extra packaging elements, or rush orders.

Quick Cost Tips

- Compare quotes using “per-unit + extras” so you see the final figure.
- Ask potential suppliers about cost-saving changes in formulas or packaging.
- Factor in costs for potential quality checks or testing.

Next Steps

Ready to see if a second supplier can cut your costs?

I'm Brian Creager, and I'd love to understand your current supplier needs and see if a secondary contract manufacturer from Colombia might be a fit for your beauty products.

Let's schedule a no-pressure discussion. We'll walk through your current setup, share our input on pricing, and help you figure out if a second supplier makes sense for your product line.

Just goto costroadmap.com/heroli or click the link below and pick a time that works for you.

Schedule a Call

