

Compact in size, but not growth

By Roald Haase

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The name says "Compact". Don't confuse the name, however, with the ambitions of a steadily growing St. Charles food packager.

Compact Industries, Inc. has taken a major step toward enlarging its facilities on the city's far east side, breaking ground recently on a 66,000 square foot expansion. The addition, say company officials, will allow for accelerated corporate growth.



If completed and occupied by mid-December, as expected, the addition would enable Compact to handle expected growth in its business volume, said President Michael Brown. It would push the size of its plant, warehouse and offices to an estimated 216,000 square feet.

Brown said the firm seeks to add 50 percent to its annual revenues over the next five to seven years. For that, the added space is essential, he suggested.

"We were not capable of growing our business to where we want to do," Brown said, "We're on a growth curve now."



"We've brought on some new Fortune 100 food companies (as clients)," Brown added, separately. "We've also expanded our current business."

As a closely held firm, Compact does not publish its revenues. The 2004 edition of the Illinois Manufacturers Directory provides an estimate of \$60 million for the firm's annual revenues, but it is not known how up to date that figure is. Brown noted that the firm has expanded its revenues by approximately 33 percent in the past five to six years.

The firm, founded in 1963, has been situated in St. Charles for 14 years. In recent years, it has been located at its present quarters, a modern, business park structure at 3945 Ohio Avenue.

Compact's name may not be familiar to retail consumers, however. That's because much of its work is done for name brand product manufacturers, including such leading lights as Sara Lee. For these, it serves as a contract packager. The firm blends and packages the products according to the specifications of its better known corporate clients.

"Everything we do is pretty much for other companies... (that are) looking to outsource their production and manufacturing," Brown said. "We're just really an off-shoot and arm of their production and manufacturing needs."

Compact specializes in packaging dry powdered beverages, including cappuccinos, coffees and other drinks. Many of these are sold in nutritional stores, including GNC, Brown said. They include so-called muscle building drinks, he said.

In being a so-called third party packager, Compact Industries is not unique. A number of leading retail food manufacturers employ third party packagers with plants in the Fox Valley, the latter including St. Charles based Power Packaging.

Among Compact's major clients, for instance, are Nestle, Ghirardelli Chocolate, Dunkin Donuts and Starbucks. Additionally, the firm serves institutional users, including correctional facilities.



Brown said the plant expansion will include the addition of 49 parking spaces, 10 more truck docks and approximately 2,000 square feet of new office space.

Compact's development began in the 1960's when it manufactured instant coffees, cocoas and soups, which were produced in a ready-to-eat packaging, a paper-lined cup. In the 1970's, the firm began using the technology in vending machines, by making single-serve instant coffee packets.

According to an Internet information search tool, Jayde, the firm "became one of the largest importers of soluble coffee in the (country), Compact's intent was and still is, to become a 'one-stop-shop' for all its customers' packaging needs."

In breaking ground on the addition, Brown said the expansion "will enable us to vertically integrate into certain distribution opportunities." The added space will service for storage, enabling Compact to expand its manufacturing and production areas of the current building.