

# Newpark's Pivot to Contract Manufacturing Helps in the COVID-19 Battle

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Newpark, whose state-of-the-art blending and packaging facility operates in Conroe Park North, used their foresight and adaptability to respond to the pandemic. Historically servicing the oil and gas industry, Newpark shifted its focus to manufacture products that help fight COVID-19.

Late in 2019, Newpark decided to better utilize its assets at the Conroe facility to increase production and maximize efficiency. The company authored a business model for contract manufacturing that would allow Newpark to produce products for a wide range of industries.

Just as Newpark was implementing their contract manufacturing model, the oil and gas industry faced a significant downturn and COVID-19 entered the United States. The decline in oil and gas demand permitted Newpark to free up time and resources to dedicate to manufacturing disinfectants and hand sanitizers.

“While the oil and gas slump is unfortunate, everyone at Newpark from senior management to supply chain to research and development has been able to work on our contract manufacturing efforts. It has helped the transition to go very smoothly,” said Eric Lookofsky, Conroe Plant Manager. “One of the advantages for our large disinfectant customers is that Newpark already had a strong, lean manufacturing culture. We speak their language and can serve them well.”

Almost immediately upon COVID-19's arrival in Texas, Lookofsky and Newpark's legal counsel began registering with the Environmental Protection Agency, Food and Drug Administration and Texas Health and Human Services. The agencies quickly approved



Newpark, giving the company needed credibility to enter contract manufacturing agreements with companies who seek registered producers of products.

“Registering with the federal and state agencies opened Newpark up to an entire world of disinfectant manufactures,” added Lookofsky. “Anyone can make and sell soap. To claim that it kills 99 percent of germs, you must be registered with the proper agencies. It was important for Newpark to do that.”

Currently working with two large disinfectant companies in the United States, Newpark is on pace to produce more than 500,000 gallons per month of various disinfectant products. Lookofsky believes production is on an upward trend, expecting to double production by next year.

“There is tremendous opportunity for Newpark. The companies we are working with tell us they expect to see increased demand; therefore, we expect our demand for our disinfectant and cleaning products to grow into 2021 and 2022, along with demand for our own hand sanitizer” said Lookofsky.

These new contract manufacturing ventures have allowed Newpark to expand their team. The Conroe plant added nearly 60 workers at the peak of disinfectant production this summer and Lookofsky believes the company will be operating near those levels again within the next few months.

Manufacturing, packaging, and distributing disinfectants has not come without challenges for Newpark. Accustomed to five-gallon and larger packaging for oil and gas products, Newpark implemented new processes to handle consumer level packaging. Initially filling up the smaller containers by hand, the company has invested in automation to support the small packaging

“The consumer level packaging required a learning curve for our team, but they have adjusted well. We now have automated packaging equipment, and we plan to expand our automation capabilities as new business is added. I expect more investment in the future,” added Lookofsky.

As COVID-19 continues to impact people’s daily lives, Lookofsky and Newpark believe that their contract manufacturing model can play a role in keeping people safe. With products like NewTralize, a hand sanitizer branded specifically by Newpark, the company relishes the opportunity to serve the broader community through their Conroe facility.

“With our products, we have adopted the phrase, ‘NewTralize for them.’ It is not only about caring for ourselves but also for our loved ones at home and in the community. We are proud to be a part of the solution.” said Lookofsky.