



# RESHORING



Elite Electronic Systems – August 2013

**PART 2 - ELITE AND RESHORING**



**Rock solid performance**

# ELITE AND “RESHORING”

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**Elite’s own experience of “reshoring” began with a project focusing on “out-sourcing”.**



**In 2005 Elite entered into a joint venture with one of its major customers to source cables in China.**



**These cables had been manufactured at Elite’s facility in Northern Ireland.**



Music to your ears **manufacturing solutions**

# OUTSOURCING



**What followed was a lengthy process to select a Chinese Manufacturer.**



**This included:  
Several expensive, time consuming trips to China**



**A lengthy process of selection and auditing potential suppliers**



**The necessary qualification and validation of potential suppliers**





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## GETTING STARTED

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**Once selection was complete, Elite placed an initial order.**



**Even at this early stage lead times were an issue, and in order to shorten times, Elite themselves shipped components to China.**



**First Order was shipped; Elite received the product, carried out inspection and then paid for the goods.**







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# ALL IS NOT WHAT IT SEEMS?

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**Initially things were good and the process ran smoothly.**



**In the course of time ,various issues emerged.**





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# ISSUES WITH OUTSOURCING

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- ↔ **Quality decreased**
- ↔ **Costs increased**
- ↔ **Lead times increased**
- ↔ **Shipping times and associated costs increased**
- ↔ **Cashflow decreased**
- ↔ **Communication difficulties increased**
- ↔ **Prototyping and product development difficult.**
- ↔ **An elongated supply chain made co-ordination with customer difficult**





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## THE FINAL STRAW

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**It was during the global downturn that these problems really magnified:**



**At a critical stage Elite had stock in the UK, stock at sea and another order placed.**



**There was no flexibility in pushing the placed order back – lead times suddenly shortened and this order was shipped**



**In a very short space of time Elite went from carrying 2 months worth of stock to 20 months worth of stock (their customer as a result of downturn needed less)**



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## DIFFERENT PROBLEMS

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**This presented Elite with a whole new set of problems:**



**Cashflow implications**



**Component and product obsolescence**



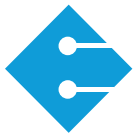
**Warehousing costs including space**







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**Elite had gone to China expecting to make a significant saving;**



**The project was making small savings, but at what cost?**



**Meanwhile, back in Northern Ireland, Elite had invested in new more efficient equipment and through lean manufacturing, developed more efficient processes and could now manufacture at home and still be competitive.**



**This was without compromising other vital criteria like quality and time to market**





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# WHAT HAPPENED NEXT?

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## **Elite Began Reshoring**



## **Manufacturing was brought back to the factory in Enniskillen**



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## WHAT HAPPENED NEXT?

**These were the important factors that influenced that decision to reshore:**



**Time-to-Market**



**Cost Reductions**



**Product Quality**



**Process & Supply Chain Control**



**Continual increases in hidden  
Supply Chain Costs**





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## OTHERS TO RESHORE



**Elite have not been on their own in Reshoring**



# JORDACHE



**These companies have all been involved in reshoring.**







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**In part 3 of the series we will look at the Total Cost of Ownership and how it has influenced the decision to Reshore**