



# RESHORING



Elite Electronic Systems – October 2013

**PART 4 - MORE THAN JUST A FINANCIAL CONSIDERATION**



Your Partner For **Electronic Manufacturing**

## “RESHORING”- MORE THAN JUST A FINANCIAL CONSIDERATION

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**In the previous E-Book we discussed Total Cost of Ownership as a financial incentive driving “Reshoring”**



**In part 4 we will discuss some of the other factors that encourage reshoring.**

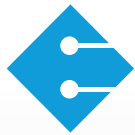




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# KEY REASONS FOR “RESHORING”

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In a 2012 MIT (Massachusetts Institute of Technology) survey, the top six decision drivers for companies to re-shore were as follows:

- 1. Time-to-Market (73.7%)**
- 2. Cost Reductions (63.9%)**
- 3. Product Quality (62.2%)**
- 4. More Control (56.8%)**
- 5. Hidden Supply Chain Management Costs (51.4%)**
- 6. Protect IP (48.5%)**





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## TIME TO MARKET

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**Delivery time of 6-8 weeks for outsourced product especially from Asia.**



**Negative impact on sales.**



**Inability to be flexible.**







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# BRIDGE DIRECT – EASTER BEGINS IN AUGUST



**Producers of inkoos and hobbit merchandise.**



**File orders with Chinese suppliers in August to ensure delivery by Easter .**



**Greatest concern is making sure they don't get left shorthanded because of China's New Year.**



**250 Million workers leave their factories and travel home.**



**Fewer and fewer workers returning to factory when holiday is over .**





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# QUALITY ASSOCIATED WITH MADE IN THE UK

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**High Quality Standards – This is what British manufacturing stands for .**



**ISO/IPC accreditation  
Quality Assured**



**Regular Audits– much easier to carry out regular audits thus maintaining high standard.**



**OEM's can source British because**

- **More flexible automated manufacturing processes**
- **Emergence of lean and agile manufacturers**
- **British firms provide a superior service**

**“British manufacturing more competitive”**



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# TOYOTA - QUALITY REQUIRED



**Manufacture engines for their hybrid vehicle in UK (Deeside) instead of Asia .**



**Then ship back to Japan for assembly .**



**“Production should not only be where it is most cost effective but where you can guarantee the standard of production”**





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# SUPPLY CHAIN DISRUPTION



**We work in an era when supply chains have become global and more elongated**



**Significant supply chain disruption is a major factor when deciding where to manufacture.**



**The EEF noted that 53% of its members reported a negative impact to the East Japan Earth quake**



**80% of companies world wide see better protection of their supply chain as a priority**  
Accenture 2012

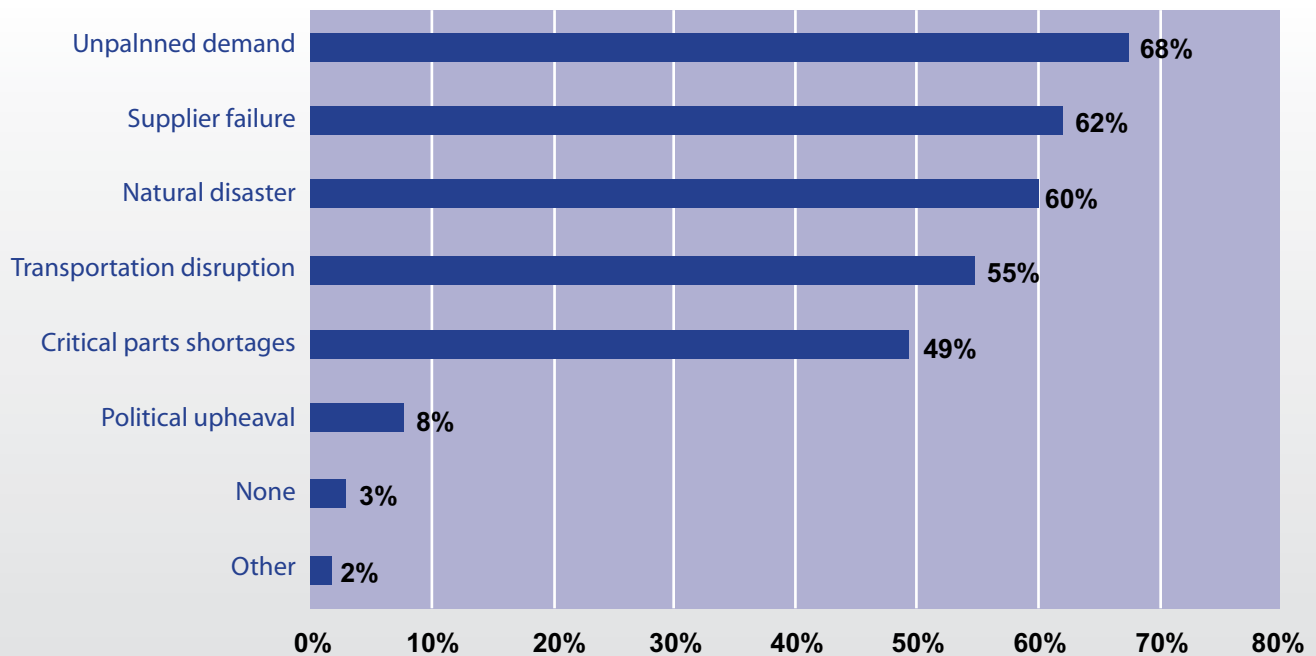






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# CAUSES OF SUPPLY CHAIN DISRUPTION





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# SUPPLY CHAIN DISRUPTION

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**On March 11, 2011, Nissan Motor Company Ltd and its suppliers experienced a 9.0-magnitude earthquake as it struck off the East coast of Japan.**



**The quake was among the 5 most powerful earthquakes on record. Tsunami waves in excess of 40 meters travelled up to 10km inland .**



**In the weeks following the catastrophic earthquake, 80% of the automotive plants in Japan suspended production. Nissan's production capacity was perceived to have suffered most from the disaster compared to its competitors. Six production facilities and fifty of the firm's critical suppliers suffered severe damage.**



**The result was a loss of production capacity equivalent to approximately 270,000 automobiles.**



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# THE WRONG HEADLINES!!!!



**“Nissan’s Sunderland plant to shut for three days as Japan quake hits supplies”**

**Japan’s three largest carmakers have been hit by a components shortage that has affected their operations at home and abroad after the disaster.**

**Dan Milmo**

**The Guardian, Thursday 7 April 2011 11.10 BST**

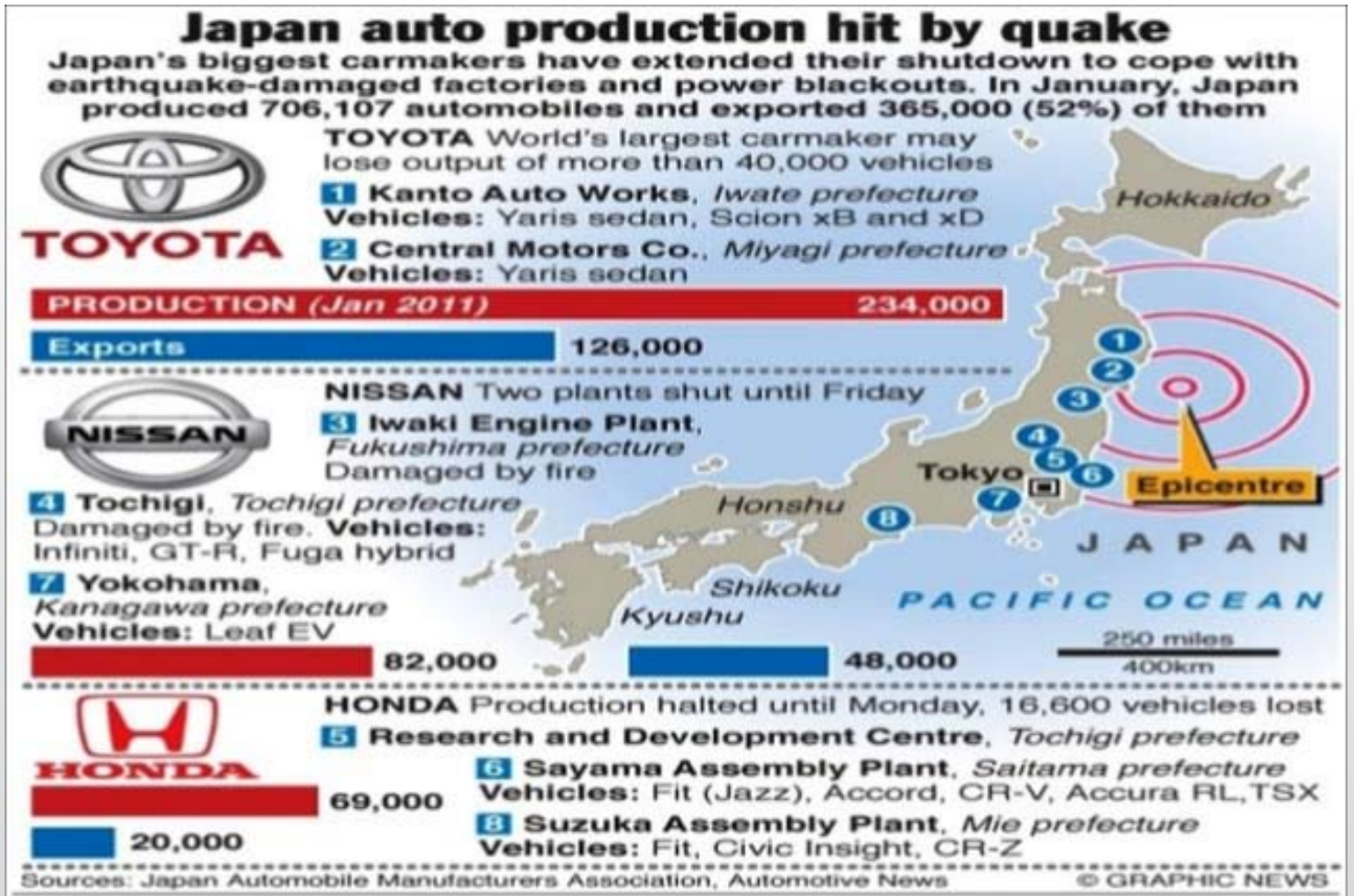






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# SUPPLY CHAIN DISRUPTION

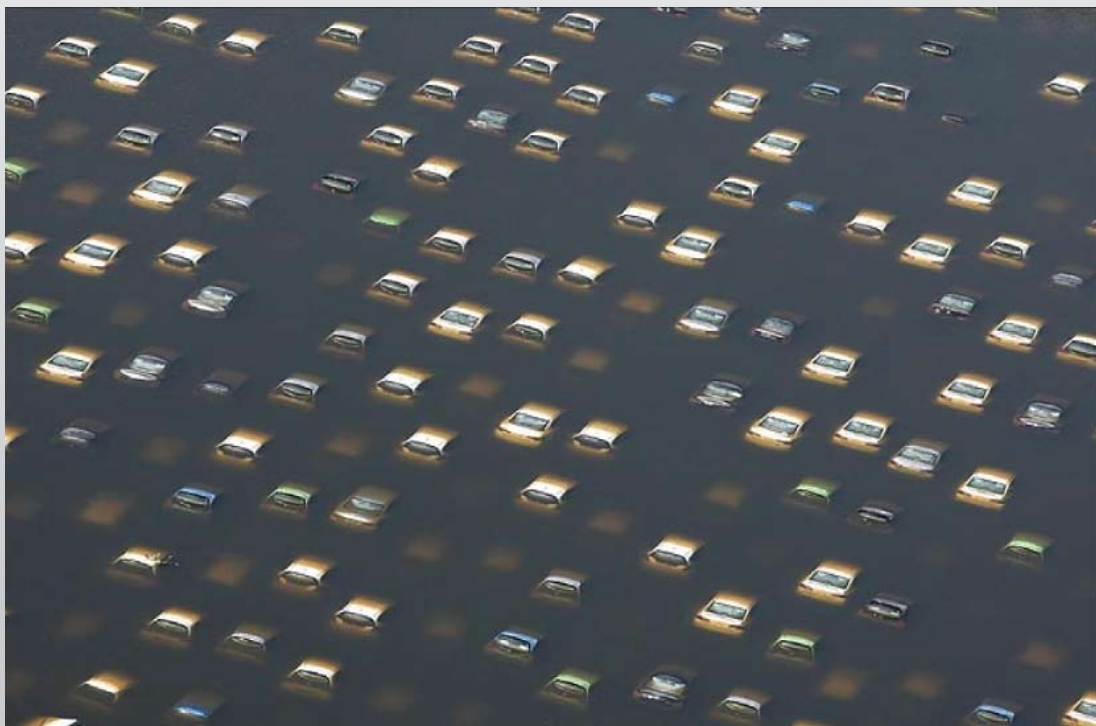






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# HONDA AND FLOODING





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## OTHER REASONS FOR RESHORING



**Avoid counterfeited components.**



**Avoid the grey market.**



**Protect your IP.**



**Maintain control of your manufacturing processes.**



**Retain an ability to be innovative .**

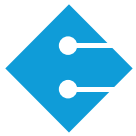




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## CONCLUSION

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**We know the financial reasons for Reshoring.**



**It is worth considering all these other reasons before selecting a manufacturing option.**



**Many companies now conclude that the small saving's to be made by outsourcing are now over shadowed by the many other factors which support manufacturing in the UK .**



**These include**

- **Quality**
- **Time to Market**
- **Supply Chain Disruption**
- **IP Protection**