What Is Reshoring?

To Reshore or Offshore?

How to Objectively Decide.

Harry Moser
President
Reshoring Initiative

VIA/APICS
Definitions

- **Reshoring/Backshoring/Onshoring/Insourcing**: Bringing back manufacture of products that will be sold or assembled here.
- **Transplants/FDI**: Similar logic
- **Producing near the consumer!**
- **Localization**
Top Supply Chain Priorities

In The Next 12 Months

- Reduce costs/eliminate waste
- Become more customer centric/improve service performance
- Improve product compliance, quality, safety or environmental sustainability
- Improve supply chain visibility
- Respond more quickly to demand volatility or changes (supply chain agility)
- Improve the process of bringing new products to market

IDC 2/10/15 Industry Week Supply Chain webinar by Simon Ellis
Timely Benefits of Reshoring

- Balance the $500 billion trade deficit:
  - 3 million manufacturing jobs
  - 6-8 million total jobs
  - Improved income equality
  - Cut U.S. budget deficit by about 50%
  - Provide more funding for sustainability
  - 25% - 30% increase in manufacturing
  - Reduced economic volatility
60% of manufacturers:

- Apply “rudimentary” total cost models
  - Wage Arbitrage
  - PPV (Purchase Price Variance)
  - Landed Cost
- Ignore 20% or more of the total cost of offshored products

Source: Archstone Consulting survey, American Machinist Mag., 7/16/09
Indexed Unit Labor Costs in the Manufacturing Sector of Selected Countries

US: Unit labor costs in manufacturing in US$

Source: Oxford Economics/Haver Analytics
The Industry-Led Reshoring Initiative Provides

- Online Library of 3,000+ reshoring articles
- Statistics from TCO and Library databases
- Case Study template for posting cases.
- Solutions to major supply chain problems
- Motivation for skilled manufacturing careers
- Free Total Cost of Ownership (TCO) software for:
  - Companies for sourcing
  - Suppliers of parts and equipment for selling
### TCO Example: a Part

<table>
<thead>
<tr>
<th>Chinese unit price</th>
<th>$70</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. unit price</td>
<td>$100</td>
</tr>
<tr>
<td># units/year</td>
<td>12,000</td>
</tr>
<tr>
<td>unit weight, lbs</td>
<td>2</td>
</tr>
<tr>
<td>Shipments/year</td>
<td>6</td>
</tr>
<tr>
<td>product life, yrs</td>
<td>5</td>
</tr>
<tr>
<td>Packaging*</td>
<td>1%</td>
</tr>
<tr>
<td>Payment on shipment</td>
<td>Yes</td>
</tr>
<tr>
<td>Quality*</td>
<td>2%</td>
</tr>
<tr>
<td>Product liability risk*</td>
<td>0.5%</td>
</tr>
<tr>
<td>IP risk*</td>
<td>1.9%</td>
</tr>
<tr>
<td>Innovation*</td>
<td>0.5%</td>
</tr>
<tr>
<td>Trips/yr</td>
<td>2</td>
</tr>
<tr>
<td>Carrying cost, rate</td>
<td>22%</td>
</tr>
<tr>
<td>Emergency air freight %*</td>
<td>5%</td>
</tr>
<tr>
<td>Wage inflation, annual*</td>
<td>8%</td>
</tr>
<tr>
<td>Currency appreciation, annual*</td>
<td>5%</td>
</tr>
</tbody>
</table>

* Chinese differential vs. U.S.
PPV and Landed Cost Miss a lot of TCO
### 2012 TCO cases, China vs. U.S.

<table>
<thead>
<tr>
<th>Comparison Basis</th>
<th>% of cases where U.S. has the advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>5%</td>
</tr>
<tr>
<td>TCO</td>
<td>53%</td>
</tr>
<tr>
<td>Difference</td>
<td>48%*</td>
</tr>
</tbody>
</table>

*Conservatively 25% might return if companies shifted to TCO

Source: TCO user database
“End the practice of awarding business on the basis of price tag. Instead, minimize total cost.”

## Offshoring Multiplies Waste

<table>
<thead>
<tr>
<th>Toyota Wastes</th>
<th>Offshoring Contributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overproduction</td>
<td>Large batch shipments, filling containers</td>
</tr>
<tr>
<td>Waiting</td>
<td>Uncertain delivery/Inconsistent quality, port, customs, shared “awake time” window for discussions</td>
</tr>
<tr>
<td>Transport</td>
<td>8,000 mi. inbound (return boat ½ full)</td>
</tr>
<tr>
<td>Overprocessing</td>
<td>More packing and unpacking, customs paperwork</td>
</tr>
<tr>
<td>Inventory</td>
<td>In transit, cycle, safety stock, uncertain delivery and quality, less ability to check and count</td>
</tr>
<tr>
<td>Motion</td>
<td>Increased cost over time – repetitive motion injuries or additional labor to compensate</td>
</tr>
<tr>
<td>Defects</td>
<td>Much higher than local sources, extra inspection of materials and tolerances, customers unhappy longer</td>
</tr>
</tbody>
</table>
Some Reshorners
Bringing Production back from China:
- Water-heaters, fridges, and washing machines
- Unionized facility in Louisville, KY
- 1300 jobs, renovated facility, $800 million invested

Reasons:
- Tax incentives
- High-tech new model
- Ease of design collaboration with workers: retail price -20%
- 2 tier contract
- Chinese cost: -30% becomes +6% considering inventory and delivery problems
Bought plant in Haverhill, MA, in 2008
Reshored 70% of suits, as well as dress shirts, overcoats, pants form offshore locations
Employment in MA plant increased from 300 to 475
Reasons:
• Rising wages
• Quality
• Lead time
• US made goods are luxury items abroad

Walmart’s U.S. Manufacturing program

- Walmart’s increase in U.S. manufactured purchases:
  - $250 Billion over 10 years
  - In the 10th year:
    - Approx. 300,000 manufacturing jobs*
    - Approx. 1 million total jobs**

*Reshoring Initiative  **Boston Consulting Group
Reshoring Support

Published on 09/24/2015 04:45 AM and last updated on 09/01/2015 04:49 AM | Print friendly version

Reshoring Initiative

The Reshoring Initiative is a nationally recognized not-for-profit company focused on enabling reshoring. The site contains resources to facilitate and accelerate supplier efforts. Concepts from product selection, to cost reduction, managing the transition and financing are included for both large and small U.S. and foreign-based companies. The Reshoring Initiative gives advice on how to pick the right products and succeed in profitably manufacturing or sourcing product in the U.S.A.

Walmart’s research into reshoring as well as feedback from some suppliers indicates that challenges to manufacturing growth in the U.S. still exist such as:

- U.S. manufacturing costs can be higher, especially if suppliers are using offshore manufacturing processes and practices.
- Tooling costs, small electric motor production and apparel cut and sew can be challenging, but many workarounds or offsets exist.
- Many wins are occurring in many areas including those where labor is a small percentage of product value or logistics costs are high.
- Even with these and other challenges, we are seeing continued favorable trends to support continued manufacturing growth in the U.S.

Explore these and other topics at the Reshoring Initiative website.
Resources for Retail Suppliers

- **Purpose:** Help suppliers supply more Made in USA products
- Developed for Walmart. Will invite all retailers
- Page on [Walmart USA Mfg. site](#), w/links to
- **Nine Resources** on Initiative site:
  - **Timing**
  - **Product Selection**
  - **Reevaluation**
  - **Competitiveness**
  - **Suppliers**
  - **Retailers**
  - **Compliance**
  - **Transition**
  - **Financing**
- Personal contacts at 35 associations/companies/Commerce
Through workforce collaboration and improved processes, consultant MACRESKO enabled the reshoring of an industrial sensing equipment manufacturer from Malaysia to the U.S.

Challenge:
- Main product under competitive pricing pressure
- Significant difficulty with customer satisfaction
- Regularly missing deliveries
- Lead-time 18 weeks

Reshoring Solution:
- Engaged workforce to create new processes, eliminating waste
- Supply chain: improve lead-times, delivery consistency, quality
- Collaboration between manufacturing, engineering, sales, and suppliers

Results

After 6 months: Lead-time cut to 72 hours, 95% of production reshored from Malaysia to US

After 12 months:
- increased sales by 530%
- Gross margins improved by 21%
- Productivity improved by 300%
- Inventory turns have improved from 2 to 10

Lasting Improvements
- Customer satisfaction at its all time high
- Consistent product delivery within 72 hour lead time
- 100% of production in the US

Reshored from China to Vermont

Reasons:
- TCO analysis
- Inventory
- Lead time
- Freight cost
- Redesign and flexibility

Make the right decision initially – bringing tooling back is difficult

The Solution: TCO Calculator

- How It Is Used:
  - Mostly, fixed input variables – only updated once a year.
  - 8 user inputs that need to be filled for each analysis.
  - Results in a calculated total cost for both sources.
- When It is Used
  - New product development & during evaluation of existing components.
The Results:

- We are making decisions on a component by component basis.
- Have seen components that would have been sourced overseas now sourced domestically.

Trends

- Components that have had a unit price difference of 50% or less have been good candidates for keeping domestic.
- Size/Weight of component and tooling costs make a big difference.
- Beginning to see some trends among component types/commodities.
Hydraulic Cylinders

- Had 100,000 ft² in Chennai, India
- Reshored to Westknoxville, TN
- 60,000 sq. ft.

Reasons:
- Fast delivery vs. 5 wks on the water
- Fewer supply chain problems
- If a quality problem, no more bad units en-route

Source: Knoxvillebiz.com Ed Marcum 8/7/10
Electric Motors

- China to St. Charles, IL
- 10 jobs
- Reasons:
  - Cost
  - Quality
  - Lead time

Circuit Board Assembly, Wire Harnesses

- China to Glendale Heights, Ill., in 2014
- Increase local employment by 25%
- Reasons:
  - Flexibility
  - Price: “Lower volume customers want the flexibility of assembling their products in Asia or locally at the best price.”
  - Lead time
  - Freight Cost
  - Labor Cost
  - Re-design, manufacturing/engineering innovation

Audio/video Mounting

- China to Aurora, IL
- 319,000 square ft. in Aurora

Reasons:
- Cost of intellectual property protection too high
- Enables the company to bring inventory down 20%
- Lead time
- Control of processes
- Carbon footprint/green
- Speed of product launch

Source: For Peerless A/V, the Costs of Doing Business in China Weren't Worth the Savings By Josh Cable Jan. 17, 2012
Hollow Float Metal Balls

- China to Chicago, IL
- Reasons:
  - Delivery
  - Quality
  - Changing economic landscape

Passenger Rail Cars
(Foreign Direct Investment)

- Japan to Rochelle, IL
- 90 jobs
- $100 million capital investment
- Reasons:
  - Government Incentives: Buy America Act
  - Increased competitiveness in American market

Japanese manufacturer of electrical motor controls for heating & ventilation equipment
Decided to produce in Buffalo Grove, IL, rather than in China

Reasons
- Quicker deliveries to customers
- Lower inventories
- More customization

Source: JAMES R. HAGERTY, WSJ http://online.wsj.com/article/SB10001424052702303612804577533232044873766.html
Woodridge, IL
Supplies heavy equipment companies
Had quality issue with a Chinese component
Found local IL source
Result:
  - Quality problem fixed
  - Inventory cut by 94%
  - $2M order
- BCG: MNI actively reshoring: 7% / 16% (’12/’14)
- Medical Devices: Of the 49% that outsourced offshore, 45% are returning
- Plastics News: 70% of plastics industry manufacturers have or will soon reshore
- Alix Partners: U.S. favored over Mexico: 55% / 31%
- AGMA/ABMA: Members or their customer reshored: 54% (5/1/15)
# The Bleeding has Stopped

## Manufacturing Jobs/Year

<table>
<thead>
<tr>
<th></th>
<th>2000-2003 Annual Average</th>
<th>2015</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Offshoring</td>
<td>~240,000</td>
<td>~60,000</td>
<td>-75%</td>
</tr>
<tr>
<td>New Reshoring &amp; FDI</td>
<td>12,000</td>
<td>67,000</td>
<td>+ 400%</td>
</tr>
<tr>
<td>Net Jobs Gained</td>
<td>~-220,000</td>
<td>~0</td>
<td>N/A</td>
</tr>
</tbody>
</table>
BCG’s Tipping Point Industries

- Computers and electronics
- Appliances/electrical equipment
- Machinery
- Furniture
- Plastics and rubber
- Fabricated metals
- Transportation goods
<table>
<thead>
<tr>
<th>Industry</th>
<th>Jobs</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation Equipment</td>
<td>13823</td>
<td>33</td>
</tr>
<tr>
<td>Electrical Equipment, Appliances, Components</td>
<td>9240</td>
<td>58</td>
</tr>
<tr>
<td>Computer/Electronic Products</td>
<td>3483</td>
<td>25</td>
</tr>
<tr>
<td>Machinery</td>
<td>2860</td>
<td>20</td>
</tr>
<tr>
<td>Apparel/Textiles</td>
<td>2154</td>
<td>46</td>
</tr>
<tr>
<td>Fabricated Metal Products</td>
<td>1721</td>
<td>39</td>
</tr>
<tr>
<td>Food</td>
<td>1628</td>
<td>9</td>
</tr>
<tr>
<td>Wood Products</td>
<td>1028</td>
<td>18</td>
</tr>
<tr>
<td>Medical Equipment</td>
<td>738</td>
<td>17</td>
</tr>
<tr>
<td>Hobbies</td>
<td>723</td>
<td>29</td>
</tr>
</tbody>
</table>

Sources: Reshoring Initiative Library.

Cases 2007 through 12/31/14.
## Negative Issues Offshore: Top 10

<table>
<thead>
<tr>
<th>Negative Reasons not to Offshore</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality/rework/warranty</td>
<td>116</td>
</tr>
<tr>
<td>Freight cost; Lead time/time to market</td>
<td>90 each</td>
</tr>
<tr>
<td>Rising wages</td>
<td>63</td>
</tr>
<tr>
<td>Total cost, TCO</td>
<td>62</td>
</tr>
<tr>
<td>Delivery</td>
<td>45</td>
</tr>
<tr>
<td>Inventory</td>
<td>42</td>
</tr>
<tr>
<td>Communications</td>
<td>26</td>
</tr>
<tr>
<td>Intellectual property risk</td>
<td>23</td>
</tr>
<tr>
<td>Loss of control</td>
<td>22</td>
</tr>
<tr>
<td>Supply chain interruption risk, Travel cost</td>
<td>21 each</td>
</tr>
</tbody>
</table>

Positive Reasons to Reshore: Top 10

<table>
<thead>
<tr>
<th>Positive Reasons to Reshore</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Image/brand</td>
<td>58</td>
</tr>
<tr>
<td>Automation/technology</td>
<td>53</td>
</tr>
<tr>
<td>Re-design of the part</td>
<td>40</td>
</tr>
<tr>
<td>Government Incentives; Walmart</td>
<td>35 each</td>
</tr>
<tr>
<td>Skilled workforce availability/training</td>
<td>34</td>
</tr>
<tr>
<td>Higher productivity; Lean or other business process improvements; Manufacturing/Engineering joint innovation</td>
<td>27 each</td>
</tr>
<tr>
<td>U.S. price of natural gas, chemicals, electricity</td>
<td>18</td>
</tr>
<tr>
<td>Contracted/Customers Reshoring</td>
<td>16</td>
</tr>
</tbody>
</table>

## Top Countries From Which Reshored

<table>
<thead>
<tr>
<th>Global Region</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>241</td>
</tr>
<tr>
<td>North America</td>
<td>37</td>
</tr>
<tr>
<td>Western Europe</td>
<td>12</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>194</td>
</tr>
<tr>
<td>Mexico</td>
<td>27</td>
</tr>
<tr>
<td>Canada</td>
<td>10</td>
</tr>
<tr>
<td>Taiwan</td>
<td>9</td>
</tr>
<tr>
<td>Japan</td>
<td>8</td>
</tr>
<tr>
<td>India</td>
<td>7</td>
</tr>
<tr>
<td>Italy</td>
<td>6</td>
</tr>
<tr>
<td>Korea, Malaysia, Hungary</td>
<td>3 each</td>
</tr>
</tbody>
</table>

# Jobs Reshored by State


<table>
<thead>
<tr>
<th>State</th>
<th>Jobs</th>
<th>Cases</th>
<th>Jobs/Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>SC</td>
<td>7530</td>
<td>8</td>
<td>941</td>
</tr>
<tr>
<td>TX</td>
<td>3792</td>
<td>13</td>
<td>292</td>
</tr>
<tr>
<td>KY</td>
<td>3412</td>
<td>4</td>
<td>853</td>
</tr>
<tr>
<td>GA</td>
<td>3145</td>
<td>8</td>
<td>393</td>
</tr>
<tr>
<td>TN</td>
<td>3137</td>
<td>15</td>
<td>209</td>
</tr>
<tr>
<td>OH</td>
<td>2739</td>
<td>24</td>
<td>114</td>
</tr>
<tr>
<td>MI</td>
<td>1742</td>
<td>16</td>
<td>109</td>
</tr>
<tr>
<td>NY</td>
<td>1165</td>
<td>19</td>
<td>61</td>
</tr>
<tr>
<td>NC</td>
<td>1020</td>
<td>15</td>
<td>68</td>
</tr>
<tr>
<td>KS</td>
<td>1000</td>
<td>2</td>
<td>500</td>
</tr>
<tr>
<td>MO</td>
<td>980</td>
<td>8</td>
<td>123</td>
</tr>
<tr>
<td>CA</td>
<td>884</td>
<td>34</td>
<td>26</td>
</tr>
<tr>
<td>CO</td>
<td>738</td>
<td>8</td>
<td>92</td>
</tr>
<tr>
<td>FL</td>
<td>611</td>
<td>13</td>
<td>47</td>
</tr>
<tr>
<td>MA</td>
<td>598</td>
<td>10</td>
<td>60</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Jobs</th>
<th>Cases</th>
<th>Jobs/Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>MS</td>
<td>540</td>
<td>5</td>
<td>108</td>
</tr>
<tr>
<td>IN</td>
<td>400</td>
<td>8</td>
<td>50</td>
</tr>
<tr>
<td>AL</td>
<td>397</td>
<td>4</td>
<td>99</td>
</tr>
<tr>
<td>PA</td>
<td>384</td>
<td>16</td>
<td>24</td>
</tr>
<tr>
<td>WI</td>
<td>349</td>
<td>17</td>
<td>21</td>
</tr>
<tr>
<td>AR</td>
<td>240</td>
<td>5</td>
<td>48</td>
</tr>
<tr>
<td>IL</td>
<td>232</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>OR</td>
<td>230</td>
<td>4</td>
<td>58</td>
</tr>
<tr>
<td>RI</td>
<td>200</td>
<td>3</td>
<td>67</td>
</tr>
<tr>
<td>NH</td>
<td>200</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>IA</td>
<td>193</td>
<td>2</td>
<td>97</td>
</tr>
<tr>
<td>WA</td>
<td>150</td>
<td>3</td>
<td>50</td>
</tr>
<tr>
<td>MD</td>
<td>90</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>ME</td>
<td>78</td>
<td>4</td>
<td>20</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Jobs</th>
<th>Cases</th>
<th>Jobs/Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>MN</td>
<td>64</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>NJ</td>
<td>60</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>MT</td>
<td>25</td>
<td>1</td>
<td>25</td>
</tr>
<tr>
<td>CT</td>
<td>0</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>DE, AZ, VT</td>
<td>0</td>
<td>2 each</td>
<td>0</td>
</tr>
<tr>
<td>VA, OK, ID, UT, NV, ND</td>
<td>0</td>
<td>1 each</td>
<td>0</td>
</tr>
</tbody>
</table>

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```
(Reshoring Initiative Library)
```
Reshoring More Effective than Exporting: U.S. is Much More Competitive at Home!

<table>
<thead>
<tr>
<th>Where Made</th>
<th>Where Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>$100</td>
</tr>
<tr>
<td>China</td>
<td>$100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Where Made</th>
<th>Where Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>$115</td>
</tr>
<tr>
<td>China</td>
<td>$85</td>
</tr>
</tbody>
</table>

Difference | 0 | 30%

Based on TCO being 15% higher for exports
Gaining support in Washington, DC

- Commerce Dept:
  - 2012 budget specifies TCO.
- Links:
  - [http://nist.gov/mep/reshoring.cfm](http://nist.gov/mep/reshoring.cfm)
  - [http://business.usa.gov/program/reshoring-initiative](http://business.usa.gov/program/reshoring-initiative)
- Testified at Congressional hearing on 3/28/12
- Working actively with SelectUSA
- Calls from:
  - US-China Economic and Security Review Commission
  - White House National Economic Council
But how do apprenticeships and credentials pay?

Education pays...

Education pays in higher earnings and lower unemployment rates.

<table>
<thead>
<tr>
<th>Unemployment rate in 2011 (in %)</th>
<th>Median weekly earnings in 2011 (in $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average: 7.6%</td>
<td>Average: $797</td>
</tr>
<tr>
<td>Doctoral degree</td>
<td>1,551</td>
</tr>
<tr>
<td>Professional degree</td>
<td>1,665</td>
</tr>
<tr>
<td>Master's degree</td>
<td>1,263</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>1,053</td>
</tr>
<tr>
<td>Associate degree</td>
<td>768</td>
</tr>
<tr>
<td>Some college, no degree</td>
<td>719</td>
</tr>
<tr>
<td>High school diploma</td>
<td>638</td>
</tr>
<tr>
<td>Less than high school diploma</td>
<td>451</td>
</tr>
</tbody>
</table>


Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.


BLS has some data on the employment status of the civilian noninstitutional population 25 years and over by educational attainment, sex, race, and Hispanic origin online.

The Census Bureau also has some data on educational attainment online.
### Local Skilled Workforce Recruitment

<table>
<thead>
<tr>
<th>Issue</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Trades” and “vocations” image</td>
<td>Call them “Professions”</td>
</tr>
<tr>
<td>“Middle skills”</td>
<td>“Technical Skills”</td>
</tr>
<tr>
<td>Manufacturing career image due to offshoring</td>
<td>Industry collect and media report the local reshoring case of the month. Use our Case Studies feature.</td>
</tr>
</tbody>
</table>
## Economic Development Program
Starting in PA, MS, Central NY

<table>
<thead>
<tr>
<th>Action</th>
<th>Source/Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify local imports by U.S. or foreign companies</td>
<td>Datamyne</td>
</tr>
<tr>
<td>Suggest to companies they source locally</td>
<td>EDO/MEP/ etc.</td>
</tr>
<tr>
<td>Train companies on TCO to overcome issue of higher local price</td>
<td>Reshoring Initiative</td>
</tr>
<tr>
<td>Needed further cost reductions</td>
<td>MEP/ Comm. College/ Technology Suppliers/ EDO</td>
</tr>
</tbody>
</table>
CSR Estimator Will Provide

- For companies:
  - Standard tool to include externalities in sourcing decisions.
  - Identification of the products with the best shareholder and sustainability returns.
  - Help justifying the marginal opportunities
  - Recognition for success,
- For advocates:
  - Tool to advance an economically and environmentally sustainable economy.
How to Get Started

- Ask about pain and opportunities:
  - Delivery/air freight *(W. Coast dock delays)*
  - Orders lost due to delivery or slow response
  - Quality
  - Excess inventory
  - Travel
  - Late night calls
  - IP loss or risk
  - Regulatory issues
  - Purchase price rising
  - Corruption
  - Violence
  - Natural disasters or political instability
Selling using TCO

- Focus on profit impact, risk management, strategic benefits
- Overcome mandates
- Many Supply Chain Managers believe
- Work with natural allies:
  - Lean, Green, compliance, quality, line management
- Maximize the advantages of proximity
- Match “Chinese” price or ......?
Investing using TCO

- By understanding:
  - the advantage of producing near the consumer, and
  - the small TCO gap instead of the large price gap
- U.S. companies can:
  - justify domestic investment, process improvement, automation, training, etc.
- And do not have to sacrifice quality, delivery, time-to-market, or employees to be competitive and profitable.
How You Can Help Reshoring and Your Industry

- Use the tools for sourcing and selling. Free at [www.reshorenow.org](http://www.reshorenow.org)
- Use our archived webinars to inform staff and customers
- Post a link.
- Call on us to speak at: open houses, webinars, customer industry conferences
- Help us identify OEMs or industries that are ripe for reshoring
- Submit cases of reshoring.
- Help us develop the CSR Estimator
How the Initiative Can Help Companies

- Data on reshoring by others
- Consumer preference data
- Training on TCO
- Help with the analysis
- Ideas for managing the transition
- Promotion of your success
Useful Tools

- ACETool
  - Cost Differential Frontier
- TCO Estimator
- Using the TCO Estimator: A How-To Guide
- Library
- Submit a Case Study
- Economic Development Program
A non-profit with 28 sponsors

Platinum
- AMT
- The Association for Manufacturing Technology
- Bank of America Merrill Lynch

Gold
- +GF+
- NMA

Silver
- Mazak
- NTMA
- PMA
- The Wessel Group
- SME
- AME
A non-profit with 28 sponsors

Bronze sponsors:
- SPI: the plastics industry trade association
- FMA
- Royal Products
- AFS
- Doosan

Steel sponsors:
- Swiss Machine Tool Society
- BIG KAISER
- ERA
- NIMS

Iron sponsors:
- USCTI
- Canadian Tooling and Machining Association
- Erowa system solutions
- Starrag
- MSSC
- California Coalition Metals
Help Reverse the Offshoring Flood Now!

Contact:
Harry Moser
Founder and President
847-726-2975
harry.moser@reshorenow.org
www.reshorenow.org