RETHINKING RESHORING:

Answers to the Top 5 Questions

With supply chains disrupted and customer demand shifting in response to new workplace and consumer realities, bringing production closer to customers makes sense for increasing numbers of manufacturers. In fact, more than 8 in 10 North American manufacturers plan to reshore in the near term.[1] Here are answers to five of the most-asked reshoring questions.

1 Why should reshoring be a priority?

Manufacturers moved production overseas to take advantage of lower production costs. But the calculus is changing because of long lead times caused by shipping delays, increasing freight costs, and greater awareness of the environmental toll of shipping goods long distances. Customer demand is also shifting toward domestically produced products. At the same time, newly affordable automation is bringing down domestic production costs.

2 How do I know if reshoring makes sense for my company?

Calculating your total cost of ownership (TCO) for your manufacturing process *and* all the other costs of getting products to customers will give you the best assessment of whether you can lower expenses by reshoring. Those costs include such factors as labor on- and offshore, shipping costs, more robust packaging required for longer distances, and inventory carrying costs needed for consistent delivery.

3 How do I calculate TCO?

Because calculating TCO can be tricky, we recommend starting with a dedicated TCO calculator for manufacturing. The Reshoring Initiative's **Total Cost of Ownership Estimator®** lets you compare 30 different line-item costs and risks based on your manufacturing data for each place and manufacturing source you're considering. Charts generated by the Estimator will give you the TCO for each location, along with five-year projections.[2]

4 How can automation help lower reshoring TCO?

With digital processes, engineers can model the entire manufacturing process from start to finish and make adjustments before build-out, shortening time to deployment by as much as 50%. Such modeling helps get you to revenue-generating production that much faster. Once built, modular, automated production lines let you scale up or down as needed — for example, to meet seasonal demand — while minimizing capital expenses.

5 How can I get the domestic talent I need to reshore?

Software-defined manufacturing lines decrease recruiting costs by enabling you to make do with fewer people in a tight labor market and pay them more without negatively affecting TCO. Plus, modern human-machine interfaces with easy-to-use, low- or no-code designs simplify hiring and training as they require fewer specialized skills — all of which can make you more competitive in a tight labor market.

To learn more about reshoring and how Bright Machines is transforming the way things are made, visit brightmachines.com.

Sources:
1. 2021 State of North American Manufacturing Annual Report, Thomas, 2021.; 2. Total Cost of Ownership Estimator, Reshoring Initiative, accessed 2021.

Bright Machines