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**CONSULTING SERVICE**

***“Helping organizations find that lever for change and improvement”***

## **RESHORING EXECUTIVE BRIEF**

### **Brief history**

Globalized manufacturing has been a strong and increasing feature of global trade in the last 30 years, and has become an accepted and important part of doing business.

It has resulted in the significant opportunity to develop increased global trade levels via emerging economies. This has resulted in significant growth in the free flow of raw materials, semi and finished goods and manufacturing intellectual property and know-how on a global basis with investment capital flowing in a free financial market to support this global trade environment.

North American businesses and consumers have strongly embraced globalized manufacturing with lower cost products being available due to manufacturing being performed offshore in Low Cost Countries.

*Resource 12, 17&19*

### **Reshoring .....Balanced Sourcing.**

Recently, a new awareness and major updates to some business cost parameters are significantly affecting the direction of the globalized manufacturing journey, and they will both resonate and amplify a move in certain cases back toward a more localized and “closer to the customer” form of manufacturing..... It’s called **Reshoring**...

**Reshoring** is an initiative that forces a fresh thought process to discuss and manage a more informed **Balanced Sourcing Strategy** which looks at the total ownership cost for all manufacturing and supply chain activities, including the optimization of internal and external manufacturing processes and the supply of components, materials and services for a business.

**Balanced Sourcing** is now asking what may appear as obvious questions, but ones that need to be revisited by most businesses.

Typical questions would be:

- What is the real strategic opportunity to offer your products and services to more globalized markets?
- Have you fully assessed risks to your customer delivery/quality and your intellectual property?
- Is your sourcing journey in balance with a strategic advantage, not just reaction to local cost or market price pressure?
- Do you fully understand the benefits and total costs of going off-shore or out-sourcing versus Local manufacturing?
- Have you balanced your local capability with that available offshore?
- Have you correctly selected products/materials/services to “offshore” and how will you integrate your total supply chain?
- Have you fully reviewed the supply base you will use and how it will integrate with critical business processes?
- Do you know where the eco-political world is heading and how this may impinge on sourcing decisions?

These questions if correctly revisited will probably yield significantly different answers from past or maybe current sourcing directions when addressed and coupled with the latest cost data available for globalized manufacturing which is now based on real experience we have gained in the last 10 years in the offshoring journey.

As a caution, we must strive to ensure that the uncontrolled herd behaviour that assumed that the next Low Cost Country was the best sourcing approach does not over-reverse with an equal uninformed panic to blindly embrace reshoring and do even more damage to businesses and our local economies.

What we strongly suggest be undertaken by each business is a far more calculated and controlled balanced sourcing activity to make the correct source decisions. So the game is to carefully “Run the numbers” using a suitable balanced sourcing model and then make longer range decisions for the business, so that it will thrive within and better serve this changing global business environment..

This thought process for considering the act of reshoring and the application of Balanced Sourcing will be central to our brief in this paper.....

*Resource 1-7,12,20,24,25,26,27,28*

### ***Reshoring has started in the US***

It’s now clear that when we “run the numbers” using a US versus offshore balanced sourcing model that globalized (offshore) manufacturing is far less sustainable with the realization that the off-shoring activity is getting much more expensive for many reasons. This includes increased transport costs which are driven by significantly higher oil costs, as well as double digit wage escalation in China which will also become a common trend in other emerging economies due to growth and better prosperity expectations.

The landed cost tipping point in some sectors and commodities has already been reached, with a more general landed cost parity between North American manufacturing and the major and more mature emerging economies being projected for 2015.

Many corporations and large consulting groups now recognize from experience gained the hard way in the last few decades that there are many hidden costs and issues in supporting a remote and emerging supply chain. In general, and at the very least, local manufacturing in a stable mature economy is now considered “a firm option” that should be considered when compared to off-shore production in what was called a LCC (Low Cost Country).

Local manufacturing also offers more stability and the ability to innovate at home more effectively. And, being closer to the customer has added inventory and flexibility advantages. Also, although much improved, global supply chains are intrinsically more wasteful versus localized supply chains, and at the time of writing this report by far the largest pollution source on the planet and may be exposed to future carbon levies. Further, latent safety litigation costs are now raising concerns and are getting added to some cost models to operate such a long supply chain into some early emerging economic sectors.

More than 30% of Global corporations are now planning reshoring for the next generation of products to North America to be closer to our consumers, and a further 20% of them are evaluating such a journey ...

A focus on only an off-shore based manufacturing strategy is way out of date based on this new and huge reshoring direction.

We need our industries and business leaders to fully understand how to evaluate reshoring as an option and ensure they “run the numbers” to see if they are at the tipping point for reshoring so that they achieve Balanced Sourcing as a strategic outlook.

*Resource 12-16*

### **The Pros and Cons of offshore versus local versus manufacturing**

Many pros and cons for offshore versus localized manufacturing exist for any business and the current business trends require a revisit of some balanced source factors that will drive a change in sourcing and manufacturing site direction.

These balanced sourcing factors and trends listed below will shape the decision each business will make with regards to where to site manufacturing and the shape of the supply chain, and such factors will need to be prioritized depending on how they attract cost in the specific business and its sector situation.

Almost all these trends point toward the need to revisit the option of a far more localized supply base closer to the customer because this trend is approaching a general tipping point of local competitiveness for a certain range of products and sectors. This scenario at the very least strongly suggests the need for critical review by most corporations and individual business to revisit the current position and any new direction to take based on specific market, product mix and any specific sector issues.

The most realistic way to use such a list of factors will be to include these factors correctly calibrated for a specific business into a comparative balanced sourcing model. The building of such a model and “running the numbers” on a product by product basis on an ongoing basis will differentiate the heads-up leaders from the blind followers in this much more marginal and transitional game of global sourcing.

Some unknowns and risks will always exist in these trends and those quoted are the best information we have gathered so far and many reliable sources now exist and are updated on a continuous basis.

Each business must establish sources, baseline the numbers and then track ongoing trends using the factors mentioned below.

**Balanced Sourcing factor trends/scorecard for Onshore (NAFTA based manufacturing) versus Off-shore manufacturing.**

*For Brevity we will use China as the Baseline mature emerging economy with an existing capable manufacturing base*

<b>Factor</b>	<b>Past</b>	<b>Present</b>	<b>Future</b>	<b>Trending</b>
Offshore/Emerging market Opportunity	perceived high	Lower	Less Opportunity	Onshore
Offshore factory cost differential	Competitive	Escalating	Less Competitive	Onshore
Offshore lab rate differential	Low	Escalating	Trending Higher	Onshore
Offshore material price differential	Advantage	Less advantage	No Advantage	None
LCC exchange rate	Stable	Mild Escalating	Unknown	None
Increased oil and transport costs	Stable	Increasing	Remaining High	Onshore
Import Duty	Stable	Stable	Unknown	None
Offshore Logistics support costs	Unknown	Increasing	Remaining High	Onshore
Offshore Support costs	Unknown	Increasing	Remaining High	Onshore
Offshore Cost of Poor Quality	Unknown	Significant	Significant	Onshore
Offshore Safety costs (Some sectors)	Unknown	Increasing	Remain High	Onshore
Offshore Inventory costs	Low	Low	Potential Increase	Onshore
Interest rate normalization (Increase)	None	None	Unknown	None/Onshore
Offshore communications/travel costs	Unknown	Significant	Significant	Onshore
Complex supply chain costs	Unknown	Significant	Significant	Onshore
Proximity to Customer Sensitivity	Unknown	Significant	Significant	Onshore
Co-location with Product development	Unknown	Significant	Significant	Onshore
Clustered and capable supply base	Unknown	Significant	Significant	None
Capital re-investment mobility	Unknown	Significant	Significant	None
Ease of doing business (Local)	Unknown	Significant	Significant	Onshore
IP protection issues	Unknown	Significant	Significant	Onshore
Political pressure to go Local	None	Growing	Significant	Onshore

Explanation:

*Resource 10*

This list has 4 kinds of factors: Economic/Business cost/Commercial and Political. Some will be driven by the effectiveness of the specific business and some by the local regional situation. The challenge is to understand all the options and make the correct directional decisions for the future of the particular business.

In general, most of the factors are rapidly trending toward an onshore advantage but the specific tipping points will depend on the industry sector and specific business situation and will vary across the product range.

Also the improved realization of these hidden costs using such a balanced source modeling is further resetting the tipping point toward an onshore solution. Many of these cost factors were “unknown” or were not considered in past sourcing decisions and are now weighting these new tipping point calculations.

In summary, most mature LCC labor is getting comparatively more expensive, and the real cost of transportation and logistics to globalize manufacturing have escalated. Plus, other factors as mentioned are now being better valued in the balanced source cost equation.

So for a business shipping a lot of large product where the % cost of transportation is high and where labor contribution within the product is mid to low then the cost numbers will show a strong reshoring trend. GE “white products” are a good example as are heavy plant and industrial equipment such as John Deere and Caterpillar who are all looking to reshore next generation products.

This reshore logic can be strongly modified by the impact of capital investment direction, for example the consumer level electronics industry which would be a reshore candidate on low level labor content has low capital re-investment mobility as it is fully invested in high capital levels of facility and manufacturing processes offshore and to redeploy or repeat that capital investment to support reshoring for a substantial part of the supply chain activity is mainly prohibitive, although some token reshoring of lower capital intensive final integration and test of more complex and technologically advanced products may take place in that industry.

The manufacturing site that has local raw material or a strong and well clustered supply base may also create an advantageous tipping point. If that is coupled with a close to customer requirement then many other factors need not be as competitive. This has been the situation with some food industry manufacturers, but this is changing within the NAFTA region where solid trucking networks can extend the definition of “close to customer”.

## The environmental impact of Globalized manufacturing

These are long range projections, but many environmentalists are now raising fact based concerns about the need to improve or limit the extremely large carbon footprint of container ships. These concerns may eventually result in some future international policies through some form of carbon levies or taxation that could drive transportation costs upward and make performing activities associated with manufacturing closer to the point of customer use much more attractive and cost effective than continuing to move products through long distance transportation and export/importation processes.

The high pollution levels in China and the recent deaths due to poor safety in South-Asian factories also point to perhaps future policies with much higher financial consequences. This may advantage mature economies that typically have developed better controls over pollution and safety due to social balance than an early emerging economy who may treat pollution and safety rules secondary to output and short term economics.

## Canada as a Reshoring destination?

In general, currently the Canadian economic environment does not stack up well as a manufacturing destination against most global competition or local NAFTA competitors, the US and Mexico.

This is based on current trends and present day Canadian government policy as it relates to the manufacturing sectors and assumes no change in policy going forward.

The score card below shows both the reshoring trend back to NAFTA countries from offshore for certain tipping point conditions now trending very strong, but it also shows how disadvantaged Canada has become on a number of the major factors.

*Resource 11*

## Canada Manufacturing advantage versus other NAFTA countries.

Factor	Past	Present	Future	Trending
CDN/US Loaded Factory Cost comparison	Par	Higher	Major Delta	Disadvantaged
CDN/US labor rate differential	High	Higher	Major Delta	Disadvantaged
CDN Energy cost competitiveness	Low	Low	Lower	Disadvantaged
Corp tax rate advantage	Lower	Lower	Unknown	Advantaged?
Cdn \$ exchange rate value	OK	Higher	Unknown	Disadvantaged
Local technical skill level	Higher	High	Declining	Advantaged
Local Tech skill availability	Ok	Ok	Declining	Disadvantaged
Local region Financial support	Weak	Weaker	Unknown	Disadvantaged
Mexico as a Manufacturing Partner	Low	Strong	Stronger	Opportunity
Mexico as a Manufacturing Competitor	Low	Strong	Stronger	Threat

In situations where a strong highly capable manufacturing capacity already exists or localized natural resources with low transport costs can advantage the local Canadian manufacturing site or where support to local customers or product development can be leveraged, then these Canadian sectors will sustain better. But where duplicate manufacturing sites with equivalent spare capacity and where no raw material or product delivery supply chain differentiation or other factor leverage exist, then these will be candidates to relocate to the US or Mexico who region to region offer a significant lower operating cost structure. Some outliers and exceptions will always exist, but studies performed on various sector manufacturing cost comparisons find that this is the predominant cost performance outlook.

*Resource 10&11*

## The current Canadian challenges for manufacturers

Canadian manufacturers continue to strongly participate in the global economy, but currently face some significant challenges.

Due to reluctance to engage in the reinvestment in manufacturing at all levels of our society we now have businesses defining critical skill shortages within some sectors of manufacturing. This situation may be impacting some business performance, yet based on high average national unemployment levels we have governmental restrictive practices on using immigration and foreign manpower as a short term solution. The permanent long term solutions of a formal industrial based manpower re-training plan and an integrated industrial apprenticeship system are both still being debated between federal and provincial authorities.

*Resource 15*

Also, the high Canadian dollar has been a significant ongoing concern for most manufacturing entities we talk with. They feel that although some business sectors have found ways to adjust and to manage the situation, they remain at a global disadvantage using a total loaded manufacturing cost model. The firm argument from the manufacturing sectors is that the increasing dollar strength seen in the last decade was not achieved by productivity, which would have been an acceptable reason for a stronger dollar, but to the contrary we have seen a weakening of our overall productivity due to the under-utilization of our diversified and smaller scale production assets in most sectors in Canada.

Further warning signals of the impact of the high Canadian currency are apparent when applied to recapitalization per industry trends as many corporations take stock of the total manufacturing loaded costs being projected and firmly deploy new capital and plants south of the border or into Mexico for any new manufacturing capacity. Significant data is now available on this issue with a focus on the Auto industry, where it shows Canada to be attracting significantly less than its quota with an outlook of a further 25% reduced contribution to the GDP in that manufacturing sector within about a decade.

It is too early to comment on the Canada/Euro trade deal recently announced by the Canadian government... Any final and ratified changes in tariffs and trade factors must be loaded into a balanced sourcing model for that specific market, but in general from a manufacturing source decision point of view any businesses operating in similar economies with near equal factory costs will be making manufacturing source decisions based more on the logic of transportation cost and close to customer advantage.

In general, Canadian balanced sourcing costs are far from the same reshoring tipping point currently being enjoyed by the US and Mexico such that any reshoring decisions involving recapitalization and investment in new facilities will be more directed toward those more cost competitive locations. Further, Mexico is a strong consumer growth market opportunity in some sectors and the future close to customer preference will further drive an interest in Mexico as a strong choice as a manufacturing destination.

The scorecard below show general competitive directions for each sector and as mentioned the specific business situation can only be determined by using a balanced sourcing model and developing directional business plans.

However it does provide some information on the implications for Canadian based manufacturers and investors

**Scorecard of key industry sectors in Canada and how they relate to this competitive NAFTA environment and reshoring.**

	<b>Past</b>	<b>Present</b>	<b>Future</b>	<b>Trending (Can)</b>
Automotive	Competitive	Non-competitive	relocate US/Mexico	Decline
Aerospace	Competitive	Competitive	sustain	Maintained
Consumer products	Offshored	Offshored	Reshore US/Mexico	No change
Electronics consumer	Offshored	Declined	Declined	No change
Electronics Hi tech	partial offshore	further offshore	Decline	Niche growth only
Food	Competitive	Semi offshored	Reshore possible	Recovery possible
Pharmaceutical	Competitive	semi offshored	semi offshored	maintained
Furniture	Offshored	Partial Reshore	Reshore US/Mexico	No change
Clothes and apparel	Offshored	Partial Reshore	Reshore US/Mexico	No change
Medical equipment/devices	Local	local	relocate US/Mexico	decline
Resource extraction equipment	local	local	relocate US/Mexico	decline
Heavy plant and equipment	Local	partial offshore	reshore US/Mexico	No change
Natural wood products	local	partial offshore	reshore possible	Recovery possible

In general the challenges for Canadian manufacturers will be to understand the disadvantages listed and make a plan to mitigate them or beat the average industry performance displayed here..

The opportunities are to start to view the “local” environment as including the US and Mexico and study how to leverage on this opportunity by adopting a more NAFTA wide profile in terms of market and manufacturing base.

It still remains to be seen how a NAFTA based manufacturing base will compete for a global customer. The implication of the reshoring trend is that manufacturing everywhere will support more local customers and supply chains will become far shorter. Therefore the trend will be a preference to franchise manufacturing in the customer’s home market to support that market and will mean global manufacturing partnerships will be the strategic advantage.

*Resource 18&23*

**Business “Success factors” to maintain a competitive localized manufacturing capability**

Some of the business “success factors” as already said are based on using the balanced sourcing model to calibrate on natural economic based strengths and weaknesses and positioning the business accordingly. However assuming that the more economic

tipping point margins are small then strong business process productivity improvement goals and focused capital and technology investments may sway the numbers significantly.

Here are some of these extra success factors:

Typically Lean business thinking and sustained continuous improvement in all facets of the business tends to be a business cultural advantage and should breed not only strong operating performance, but also a more robust innovative environment that will attract capital and growth investment. This requires a very stable and visionary management capability and this is where strong business leadership can make the difference to the outcome.

Also, if the market and product set requires strong and rapid product development then co-location of development and manufacturing functions will be a strong factor in the balanced sourcing model.

The site location may also be determined by how close it is to the customer's experts for knowledge transfer.

Also a well-developed supply base organized in a close geographical cluster may also drive the site location.

Using solid automated business systems and enterprise planning tools as well as strong supply chain management that can look at the whole global opportunity will cement these success factors into a winning combination.

Using the latest manufacturing technology and integrating this effectively with product innovation is a way to gain an edge. And for Canadian operations who have the ability to cross the tipping point using a boost in productivity this makes a lot of sense. The caution is that new technologies are very portable, transferable and have very short competitive time spans in the global market, and will not provide a long lasting competitive edge, and everything else in the balanced source model must also line up to provide a successful outcome.

Many businesses with world class scores in these types of operating activities that integrate them together may be able to modify the tipping point and override the economic factors that would typically drive the balanced sourcing decision.

*Resource 8&16*

### **The supply chain structure (local/onshore/offshore/Hybrid)**

As stated, Canadian based manufacturing will have a strong adverse cost headwind for some time to come and for Canadian manufacturing based exporters and investors this requires a broader and overall NAFTA manufacturing strategy.

The approach will be to develop and run the balanced sourcing model and depending on the sector consider a hybrid supply chain.

This may mean a close to customer site in Canada to support the local market from a product development point of view with some final product assembly and distribution to support custom needs from the customer base.

Then a US or Mexico partner/s providing manufacturing and direct ship or indirect ship inside NAFTA to the customers who may be in the US or Canada and Mexico.

Some commodities that fall outside the reshoring tipping point may still be sourced offshore and direct shipped to the manufacturing site wherever it may be.

We anticipate that the Mexican market will be able to absorb and reshore a significant portion of the current offshore base of commodities over time as the manufacturing base in Mexico matures and develops, but this will have to be modeled and planned long term.

The business and corporate mindset will have to return to a NAFTA operating mentality, but with a global market outlook.

### **The small business dimension**

The impact of outsourcing on our small and medium businesses has been huge, with significant decline in this size of business. The future goal of the small business will be to understand where the customers will be, and if practical join that localized cluster and capitalize on the trend at all levels to be closer to the customer.

In some cases setting up strategic partners in other locations within NAFTA will assist this strategy.

But in general, it's not the business size that determines the direction but who and where the costumers are.

Learning how to operate in all 3 counties within NAFTA and how to approach this market will determine success, and this has traditionally been a challenge for a small business and this is an area where assistance should be obtained.

Also the small business needs to learn and leverage off of the sectors they occupy in terms of how the customer and supply chain functions and by embracing technology and know-how and attracting the needed skills. This will be an area of involvement that will generate visibility to be considered a strong player in the more localized and clustered supply base.

## **Summary and Outlook**

The real message of the reshoring situation is that certain segments of manufacturing will move from globalized manufacturing centred in the next lowest cost country toward more regionalized manufacturing closer to customers in the best cost competitive locations within that customers trade zone or bloc.

This is being driven by the economic landscape mentioned above creating a strong need to review and better understand the balanced sourcing factors.

The job of the manufactures, exporters, investors and the many support agencies and groups will be to combine efforts to adjust to this future change and challenging trend and learn how to reinvigorate and in some cases reinstall local manufacturing capability that will be highly competitive. Also where advantageous and appropriate there will be the need to franchise or license new manufacturing centers in new markets across the globe through the use of more portable and transferable manufacturing technologies and better developed IP and technology transfer systems via global partnerships.

Although the importing and exporting of physical products and components and materials from one trade zone to another will continue in some cases for quite some time to come, it's fair to say that based on these trends the future global trade slogan may become *"Future products will be transmitted more than transported"* This looks like a future vision some technologists share about where emerging additive manufacturing technologies using such devices as 3D printers will provide the dream of consumer level push button manufacturing in the same way we order coffee from a dispenser or download a movie.... It's taking local manufacturing to the limit, but it does show a LEAN vision that we should start toward and the reshoring and balanced sourcing journey are the early new steps toward waste free customer focused manufacturing.

*Resource 2&6*

## **The business Toolkit for reshoring and beyond**

This journey will require an integrated and well supported toolkit for the business entities to flourish and be competitive.

Here is a list of some of the tools we will need to provide:

- Business and industry based Awareness/Education/Training package on these new global trends and balanced sourcing.
- Balanced sourcing modeling tool so each business can develop its own sourcing decision systems
- Strong templates to install lean thinking and a continuous improvement system within a business
- A roadmap to integrate all business processes with computerized tools to evolve to a computer integrated business state.
- Provide simple and effective tools to innovate and commercialize the next generation of products
- Provide technology transfer and trade partnering tools and systems (including IP management)
- Provide exposure and supporting database for the latest trends in manufacturing technology processes and methodologies.
- Tools to develop a local supply base with a regionalize directory for Business to Business relationship building.
- Provide information on a sector organized integrated industrial apprenticeship system to develop and update the business workforce to support the future manufacturing capability.

## **Final comments**

Much activity is underway within many Canadian policy groups and technical associations involved with the Take Back Manufacturing initiative... TBM participating organizations such as SME/CME/PEO and many others should be accessed to assist with constructing this reshoring toolkit.

We will need a well-coordinated and integrated team of experts and organizations to provide our businesses with such a toolkit. But we still see far too much fragmentation of effort for both planning and execution of support within the business and industry support groups within Canada. We need to pool all our efforts and harmonize the many plans and initiatives if we are to move Canadian businesses forward effectively so that up- to-date information is made available so that the correct decisions are made by our businesses so they can thrive in this globalized economy.

**Nigel Southway**  
**Nexus Consulting**  
1st November 2013

# Nigel Southway C.Eng IEEE . MSc BIM . Author.

Author of **CYCLE TIME MANAGEMENT ...Fast Track To Time Based Productivity Improvement** .... A ground breaking LEAN Thinking text book.

Nigel has more than 40 years broad business and industry experience and the Owner of **NEXUS CONSULTING SERVICE** and provides coaching and education on Business Productivity Improvement and Advanced Manufacturing Engineering to all types of business sectors and industries and helps clients develop a strategy and a vision to attack waste, capture productivity improvements, increase profits, and become more competitive in the global market..

Nigel is a product of the British Engineering Apprenticeship program with a British degree in Engineering and a Masters Degree in Management studies from Bristol England.

After a career as an Engineering manager and change agent at Motorola in the mid 80's he moved to consulting on continuous improvement and co-authored the textbook **CYCLE TIME MANAGEMENT the fast track to time based productivity improvement** on the concept and implementation of Business Cycle Time reduction, which became one of the advanced thought-wares that later developed into the more commercial LEAN thinking concepts and application. He has been an architect of change for many major manufacturing companies across many industrial sectors on organizational change and improvement. LEAN, Six Sigma, ERP, DFM, NPI, Technology Transfer, Operational and Plant re-organization, relocation and start-ups.

He is currently Coaching, consulting and Educating worldwide on Business Improvement Initiatives, Joint Ventures, New Product Introduction Systems and Global Technology Transfer projects in Mexico, China, Russia and of course CANADA..

Nigel has been a member of the Society of Manufacturing Engineers for many decades and assists on LEAN thinking and implementation and related Business Improvement topics and is SME Toronto Chair in 2012-2013 and a member of the SME Executive committee and recently holds the SME Presidents Award.

He is the leading advocate for the Take Back Manufacturing Forum and the North American Reshoring initiative in Canada.



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## FEATURE

# Reshoring Initiative: Bringing Manufacturing Back Home

**B**ringing good, well-paying manufacturing jobs back to North America by assisting companies to more accurately assess their total costs of offshoring, and shifting collective thinking from “offshoring is cheaper” to “local reduces the total cost of ownership,” are some of the main drivers behind the reshoring initiative that is taking the industry by storm.

Harry Moser, president and founder of the USA Reshoring Initiative, was inducted into the Industry Week Manufacturing Hall of Fame in 2010 for his work in pioneering the reshoring movement, and was awarded Quality Magazine’s Professional of the Year in 2012.

“When companies understand their total cost of ownership, they offshore less and reshore more,” said Moser during a panel discussion on the factors that affect the potential for more reshored jobs during a White House Insourcing Forum in 2012.

The Reshoring Initiative helps manufacturers and suppliers recognize the Total Cost of Ownership (TCO) of both offshoring and reshoring. Using the tools provided by the Reshoring Initiative, manufacturers are able to make sourcing decisions that reduce their total cost of ownership of parts and tooling, improve their balance sheet and make product innovation more effective.

### TCO ESTIMATOR™

The Total Cost of Ownership Estimator™ (TCO Estimator) is a complimentary tool that enables aggregation of all cost and risk factors into one cost, allowing for simpler, more objective decision making. The TCO Estimator is available to everyone—simply go to [www.reshorennow.org](http://www.reshorennow.org), log in and perform your total cost of ownership analysis. All data is recorded anonymously and kept confidential. With the United States and Canadian dollars close in value, the calculated results will also be valid in Canada.

Most CTMA members are familiar with Harry Moser from his role as chairman of GF AgieCharmilles North America, and his work with the National Tooling & Machining Association, which is our United States partner in the International Special Tooling & Machining Association (ISTMA, [www.istma.org](http://www.istma.org)). Harry has been a featured presenter at one of our past annual meetings



*Nigel Southway, chairman of Society of Manufacturing Engineers' Toronto Chapter.*

and has represented the Americas Region on the board of ISTMA alongside CTMA Executive Director Les Payne.

### RESHORING IN CANADA

Since the Society of Manufacturing Engineers' (SME) purchase of the group of Canadian industrial trade shows—including events like CMTS, MMTS, and WMTS—from Reed Exhibitions, the CTMA has continued to promote its relationship with the national SME office in Detroit and also here with the Toronto Chapter. Current chairman of SME's Toronto Chapter, Nigel Southway, has promoted the Canadian version of the Reshoring Initiative, called Take Back Manufacturing, and is collaborating with Harry Moser's group in the United States.

We, at the CTMA, urge all manufacturers to familiarize themselves with both programs and to actively promote this effort to all of their customers here in North America. Every time you quote a job, promote both websites on your quotation—these are the people who make purchasing decisions all year-round. The more people who know about the initiatives, the bigger a difference and impact it will make for our industry and those working in it.

For more information on the Reshoring Initiative or Take Back Manufacturing, go to [www.sme-tbm.org](http://www.sme-tbm.org) or [www.reshorennow.org](http://www.reshorennow.org). ■



*Harry Moser, president and founder of the USA Reshoring Initiative.*

# RESOURCES

## Articles

- 1/ <http://sme-tbm.org/app/download/7041115904/Spring+mag.pdf>
- 2/ <http://sme-tbm.org/app/download/7041116304/CIM+TBM+article.pdf>
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