

Understand **WHY** Diversifying Production Partners Matters

A diversified production plan allows you to pivot manufacturing quickly when unexpected events occur. Today's global economic trends no longer lend themselves to relying on a single manufacturing partner without running into issues and risks. If you wait until catastrophe strikes, it's too late.

FROM 2015-2019, THE US EXPERIENCED
69 BILLION-DOLLAR
SEPARATE **NATURAL DISASTERS**

2015



2019

⚡ = \$1,000,000,000

A RECENT STUDY PROJECTS

2.1 MILLION MANUFACTURING JOBS
WILL BE UNFILLED BY 2030

PERPETUATING THE EXISTING LABOR SHORTAGE

2030



👤 = 100,000 jobs

Potential manufacturing and supply chain risks include...

- Capacity risk: unexpectedly unable to meet quantity or lead time requests
- Catastrophic risk: regional disasters or conflicts
- Quality risk: lapse in compliance requirements
- Labor risk: not enough skilled labor to fulfill manufacturing demand
- Financial risk: foreign exchange rate variability and part procurement changes
- Management risk: internal fraud or embezzlement scandals
- Market risk: increased competition on a global scale which drives up costs

An established manufacturing partner and supplier portfolio allows you to adjust with fewer repercussions.

Understand **WHAT** to Consider When Diversifying Production

GEOGRAPHY

A catastrophic event rarely impacts every corner of the world at the same magnitude at the same time. Consider having manufacturing partners both onshore and offshore to stay in front of regional disasters, conflicts, and delays in sourcing.



749,000
JOBS
BETWEEN
2010-2018

An estimated 749,000 jobs were brought back to the US as a result of reshoring manufacturing (Supply Chain Management Review)

SIMPLE SUPPLY CHAIN

Consider partners with an established, short supply chain. When pursuing a new partnership, make sure you understand the electronics manufacturer's suppliers and sub-suppliers and the complexity of their component procurement.

Understand **HOW** Diversifying Production Partners Matters

ASSESS YOUR PRODUCT'S NEEDS

Consider...

- The materials required to make your product
- The equipment/tools required for assembly
- The necessary quality/regulatory standards that must be met
- The production volume required
- The known supply chain issues/blockages
- The current and projected exchange rates for offshore production

Based on these criteria, formulate a multi-sourcing preliminary strategy, noting how many suppliers or manufacturers you need as primary sources and backups, what you may want to bring in-house, and other risk mitigation steps.



IDENTIFYING

Identify Suppliers

Make a list of all electronics manufacturers who satisfy your criteria in capabilities and geography.



MANUFACTURERS

Select New Suppliers

Meet with manufacturers who align with your needs. Always come with your actual target prices, approximate margins, and knowledge of the weaknesses of your current supply chain partnerships. This will set realistic expectations from the start – the foundation of a productive partnership moving forward.



BUSINESS STRATEGY

Modify Your Business Strategy

Diversifying your production partners will require some modifications if you're used to a single-sourcing strategy. Production volume may need to be spread between multiple sources, but your risks will be lower, and you'll have more leverage for negotiation on future contracts.

GLOBAL ECM



The global electronic contract manufacturing (ECM) and design services market size was valued at **USD 417.0 billion** in 2019, growing at a **CAGR of 8.5%** from 2020 to 2027 (GVR, March 2020)

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