

The Case for Reshoring:

12 Major Cons of Offshoring

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REshoring.

Today, many influential companies are moving their manufacturing back to the states, thanks to changes across the global economic landscape. These are only a few household names who have come home:

- Ford
- General Motors
- Apple
- General Electric
- Boeing
- Walmart
- Caterpillar
- Wham-O
- Otis
- NCR



Why did they leave? And what made them come back?



OFFshoring.

Offshoring became a popular practice when corporations realized they could increase their profits by outsourcing manufacturing to other countries.

Yes, there were some obvious downsides (like **massive lead and shipment times**) but the savings far outweighed the disadvantages.

Until now. Countries that used to allow incredibly cheap labor are fighting to introduce **workers' rights legislation**.

The **value of their currency** is also getting stronger, and **modern technology and education** are becoming commonplace.

Long story short, **it's no longer more affordable to outsource your manufacturing.**

As foreign wages rise and economies grow, **manufacturing itself** - not even considering shipping and other aspects - will soon be as expensive as American manufacturing.

Currently, offshore manufacturing is still very competitive... **at least on the surface.**

When companies sign contracts with manufacturers overseas, they're often focused on the money that they're saving outright.

What they fail to consider are the **hidden costs that can impact profits & revenue in the long run.**

This includes both **risks added** and **benefits lost** by moving offshore.

Even though manufacturing services themselves are still more affordable overseas, there are many secondary risk factors that are pushing even the biggest companies to come home.

"Made in America" is truly becoming the best option for modern manufacturing.

12 MAJOR CONS OF OFFSHORING

A close-up photograph of a desk. In the foreground, an open notebook with blank, cream-colored pages lies flat. A silver pen rests on the right page. To the left of the notebook, several small, rectangular photographs or documents are scattered. The background is slightly blurred, showing more papers and a pair of glasses.

1. IP PROTECTION.

Not every nation cares about your **intellectual property rights**. Filing for international patents can help, though there's no guarantee they will be enforced. It's difficult to keep secrets under wraps, especially if you have no way to punish those who sell them.

2. COUNTERFEITS.

Speaking of counterfeits, you're much more likely to run into issues with counterfeit products overseas. It's easier to **control the spread of fake products** when your supply chain is in your backyard, and you have the support of your native laws.



3. DEFECTS.

If there's a defective product in your shipment, or if something gets damaged over the 10-week shipping process, **you won't know until it reaches your facilities**. It will take another few weeks/months to replace the damaged goods or rectify the issue.



4. QUALITY.

You have high standards. So do your customers. Manufacturing on American soil gives you the opportunity to **quality check** every stage of the production process and make sure you're only putting out the highest quality product.



5. RESPONSIVENESS.

The market changes every day. Your customers' needs may change just as quickly. If your factories are all overseas, **you can't react to these changes in a reasonable time period.** Meanwhile, your competitors are pumping out product and making your customers happy.



6. OVERSIGHT.

How much **control** do you *really* have from across the ocean? You can't inspect your manufacturer's facilities, you can't check products before they're sent out for shipping, and you can't truthfully promise that your standards are being met.



7. NONCOMPLIANCE.



Does your foreign manufacturer understand your vision? Your goals? What do you do if they **break the terms of your contract**, intentionally or not? You'll have more options under American law than you would on foreign soil.

8. WORKFORCE.

When you onshore your manufacturing, you gain access to a **homegrown, highly educated, creative workforce**. You're also supporting American citizens, and therefore stimulating the local economy. Not only do you get quality workers, but you also look pretty darn patriotic.



9. INCENTIVES.



Did you know local, state, and federal governments offer **monetary incentives** to companies who keep their manufacturing onshore? Grants and tax incentives are some of the most popular reasons for keeping manufacturing local.

10. INSTABILITY.

Compared to many other countries, America has a very stable government. Many other countries face **intense political strife**, riots, and protests that can devalue their currency and bring the economy to a halt.



11. CULTURAL BARRIERS.

Language, etiquette, expectations, and prejudice are only a few cultural problems *everyone* deals with when crossing cultural lines.

Time zone differences can also cause major problems for companies who offshore.



12. MADE IN THE USA.

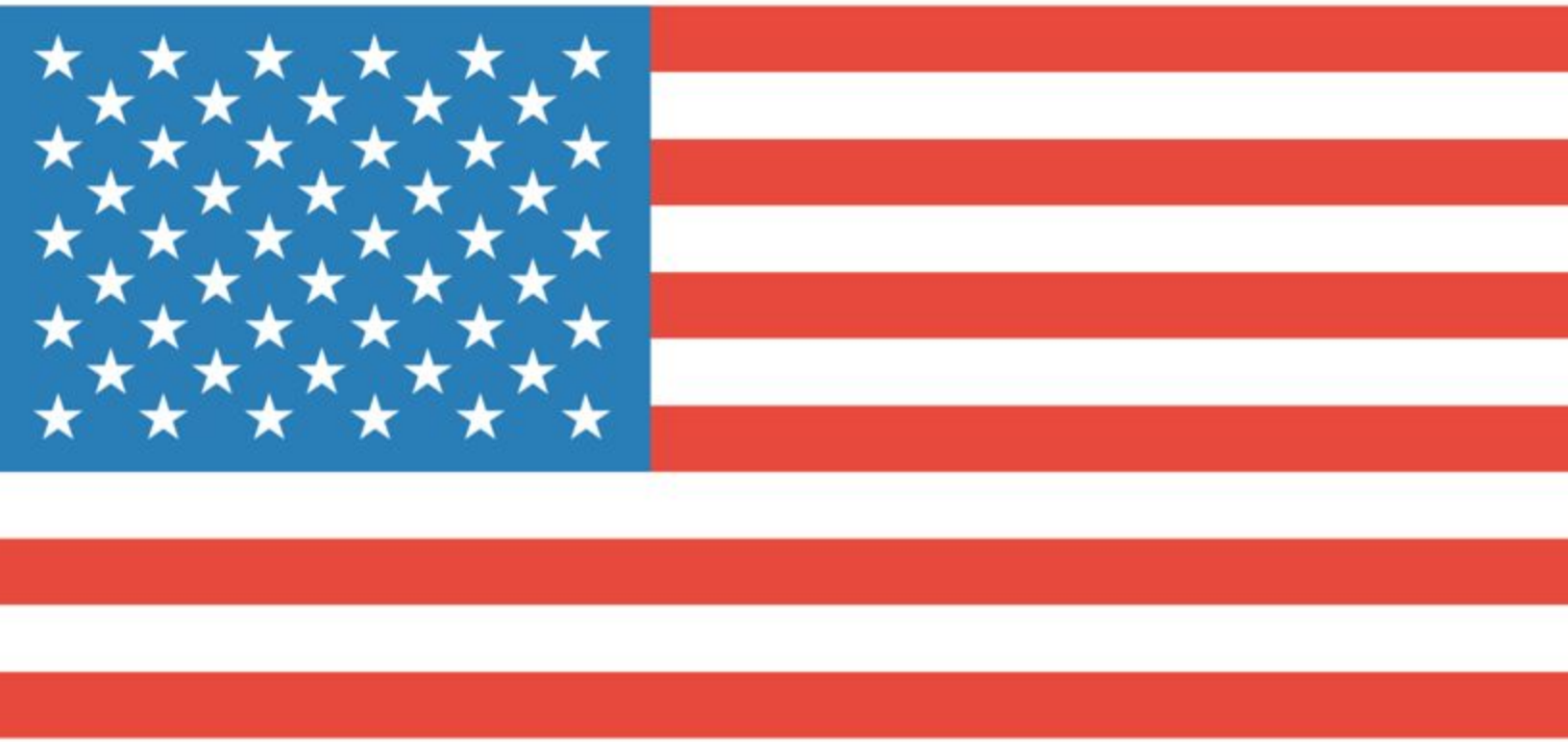
The only thing you can't recreate offshore is the pride of "Made in America." Studies have shown people are willing to pay more for American-made products. Keeping your manufacturing at home can win major publicity points and increase your overall ROI.



Make it in America.

The hidden risks and lost benefits of offshoring really do add up. However, if you're the gambling type, no one will stop you from keeping your manufacturing overseas.

For those who are concerned about what's best for their business, seriously consider manufacturing your product on American soil. The U.S.A. has so much more to offer to those who know where to look.





These are only a few reasons other companies are bringing their manufacturing home. If you want to know more about working with an American manufacturer, we're happy to chat. [Call or email](#) us at McHone Industries for more information.

