

SOLUTION BRIEF

CONTRACT MANUFACTURING

Make Versus Buy: Top Six Considerations

Many factors impact the ultimate decision on whether your company will continue production in-house (make) or outsource your manufacturing efforts (buy), but the most critical considerations come down to budget and long-term business strategy.

Consider the in-house manufacturing processes you utilize to get your product to market. What is its impact on the ROI of the product and how does it fit into your core competencies? Perhaps your in-house production processes are distinct and efficient, and the capabilities required for production may have synergies across your entire business. Therefore, in-house production may make the most sense.

If this is not the case, question whether there are suppliers positioned to meet your innovation and production needs in a more cost-effective way. A qualified contract manufacturer will not only have established and efficient processes, but also could decrease your time to market and help you engineer the product in a more cost-efficient or environmentally friendly manner.

Based on nearly three decades of serving the contract RF welding needs of its OEM customers, Genesis Plastics Welding has identified the top six considerations that will help get you started analyzing “make versus buy.”

1. Labor

Labor often consumes the largest portion of financial resources in any business. In manufacturing, companies often struggle to find suitable labor whose skill levels are on par with today’s evolving technologies. Additionally, if your production needs ebb and flow, quickly hiring and training new staff can become costly in both dollars and time.

2. Operational Costs

How much of your capital is tied up in projects that are not part of your core competencies? Outsourcing production can lessen operational costs and free up equipment, labor and facility space that could be spent on new product development. By refocusing resources in areas where you see the greatest return on investment, you’re making more room for innovation.



3. Flexibility

How agile and scalable are your operations? Are you equipped to sustain production demands? A strategic manufacturing partner can offer increased flexibility and responsiveness that exceed an OEM's capabilities.

4. Ongoing Support

It's critical to look beyond initial costs of production and consider the cost of necessary ongoing support. Machine maintenance, upgrades and repairs, as well as the cost of employing an engineer qualified to handle these routine services should be included in a make-versus-buy cost analysis.

5. Risk Management

If you're doing everything in-house, your company assumes every risk from concept to commercialization. Choosing a reputable outsourcing partner can be an effective tool for mitigating risks.

6. Expertise

An outsourced manufacturing partner can offer specialized capabilities that OEMs can leverage for a competitive edge. A qualified partner will have the technology, skilled labor, expert market and technical knowledge, and established quality processes and relationships with suppliers in place to get you to market quickly and efficiently.

Partnering with a strategic contract manufacturer lets you focus on your company's core competencies.

Summary

Outsourcing all or a portion of your production can make good business sense, but there are many factors to consider. The optimal contract manufacturing partner will have both the capacity and ability to create solutions that ultimately bring viable products to market as quickly and cost-effectively as possible.

Looking for more tips on outsourcing? Our latest ebook, [Contract Manufacturing: A Roadmap for OEMs](#) features expert tips, helpful checklists and other tools to help get you started on the road to contract manufacturing.