



WHITE PAPER



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THE VALUE OF INSOURCING: RESHORING THE SUPPLY CHAIN FOR PROSPERITY

The pandemic has created massive disruptions for people and industries all over the world, shifting well-established corporate philosophies, especially when it comes to overseas outsourcing. With practices of outsourcing and offshoring routine to a majority of U.S. based companies, the new way of the world caught many unprepared when travel and shipping bans were instated, inciting a need for change. According to the Center for Strategic & International

Studies reshoring “occurs when suppliers reduce their dependence on global supply chains by moving production within domestic borders.”

To reiterate, companies and the public alike contend with supply chain deficiencies. As the pandemic evolves, society must evolve with it, even if that means modifying the norm to adapt to the contemporary.

Reshoring Generates Greater Agility and Stability

With the country mostly accustomed to outsourcing its manufacturing, many remain unfamiliar with the benefits of reshoring supply chains. By making parts

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in-house and utilizing personnel and resources to accomplish previously outsourced tasks, certain freedoms follow. Freedoms such as the ability to quickly implement changes to production requirements, design modifications or quality issues while maintaining efficiency.

With that, companies can scale projects up and down and nurture innovation without impeding on others or worrying about timing issues. The ball is in the company's court. According to Made in America, Harry Moser, founder of the Reshoring Initiative, a nonprofit organization dedicated to bringing manufacturing businesses back to the United States, suggests "The Reshoring Initiative is booming because of that increased demand for stability in the supply chain." Producing locally during a time of instability in transport and action creates security by nature.

Favorable Cost Outcomes Can Accompany Insourcing and Reshoring Supply Chains

Although people assume outsourcing and offshoring spawn obvious cost reductions, that is not always the case. Many organizations discovered an accrument of cost factors by exponential increments when faced with issues tied to offshoring like poor-quality products, scope creep or

change orders. Products in the pipeline can get stuck when changes need to be made, and when changes need to be made, often overseas manufacturing can delay production months at a time.

Making parts in-house gives control back to the company and leads to higher quality products. Companies also reap the benefits of managing processes that allow for rapid iteration.

Insourcing Leads to Better Products Created with More Efficiency

When outsourcing and offshoring, companies rely on the perspective of others when analyzing the quality of materials and the outcomes of production. This becomes an issue when customers feel unsatisfied with a product carrying the company's name on it, meaning the company at hand can take the burden of another's mistake.

With in-house production, using equipment from Millennium Machinery, the character of a product can be watched. The overall control of processes and communication can be looked upon and upheld when insourcing, which benefits production based on the company's standards.

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Insourcing and Reshoring Supports Knowledge Sharing and Social Capital

Captive sourcing environments result in stronger knowledge sharing and social capital encouraging trust and productivity in the working environment. This instills economic recovery as companies build a stronger foundation when insourcing and reshoring. With that said, these practices reinforce human nature in the workforce and establish efficiency, employee loyalty and an engaged staff.

Insourcing and Reshoring from Already Domestic Manufacturers

While reshoring typically refers to bringing the production of parts back from overseas manufacturing, there has also been a large increase in the number of customers who just want to “make it themselves” even though it’s already made domestically. This is called insourcing. There are good reasons for this as it eliminates some of the same issues of scheduling, delivery and quality by controlling the process, but it also widens profit margins by cutting out the middleman.

Why Millennium Machinery Promotes Reshoring Supply Chains and Insourcing

Millennium Machinery can help by providing companies with the machinery to insource precision machined parts and by providing a team of knowledgeable engineers and technicians to help with machine programming, operator training, cutting tool selection and quality control. If a company purchases precision machined parts, then let the team at Millennium Machinery help you insource them.

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