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John Apgar

Offshoring: An Actual Cost Comparison

For all that has been written about offshoring, little has been relevant to capital equipment manufacturing and even less includes actual cost comparisons. Electronic Business helped fill this gap in their March 2005 issue with a great article by Barbara Jorgensen called "Reality Bites." For those that missed it, a link is included below.

Barbara provides an excellent overview of the challenges in offshoring manufacturing to China. The best part of the article, however, is the case studies at the end. Barbara assembled data from both industry consultants and a contract manufacturer's study to help illuminate the cost differences between offshoring low volume/high mix products versus high volume / low mix products. The case studies also provide actual cost data for many overhead tasks that must be factored into projected savings. The article shows, whatever one's political position, that manufacturing strategy depends on the product, volume, and design stability.

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