

# Outsourcing and Off Shoring

Off-shoring Manufacturing &ndash; saving energy at lower cost

## THE BUSINESS CHALLENGE

Off shoring to reduce production costs is a major trend in today&rsquo;s increasingly competitive environment. Our client, a UK manufacturer needed to significantly reduce unit production costs with the introduction of a new, innovative air-conditioning energy-saving design. A decision was taken to manufacture the new design at a suitable location in Asia. The challenge was to identify this location along with a low-cost manufacturer capable of meeting the exacting design, volume production and technology standards required by our client.

## AGILE8 APPROACH

Building on our experience with similar Asia off shoring and outsourcing projects AGILE8 consultants first analysed this client&rsquo;s existing European-based manufacturing and supply chain management arrangements over the full &lsquo;orders to cash&rsquo; lifecycle. We next factored in the major requirements, production engineering needs and volume ramp up projections for their new energy saving design. Having used our Insight© process modelling solution to evaluate this client&rsquo;s needs, we next looked at Asia based country and supplier options, with due regard for political, economic, social and technology capabilities.

## THE SOLUTION

At the conclusion of this assignment our joint client and AGILE8 consulting team chose a manufacturing partner in Southern China with an outstanding electronic design, plastic moulding and production capability. This supplier had a proven high quality mass production track record.

**THE BENEFITS** The selection of a suitable off shore manufacturing partner allowed our client to bring their new energy saving design to market in record time with an Asia based production facility capable of ramping up to more than one million units per year. At the same time Asia unit production costs have been reduced by almost 75% compared with costs for the previous Europe based design.

Subsequent to this assignment our client received a UK award for this innovative energy saving product.