

Invest in Your R&D Before You Make Overseas Production Your Go-To Strategy

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Learn how SpecCoat helped HawgWired get on 'board' the reshoring-outsourcing discussion and bring production back to the U.S.



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Whether you choose to believe it yet or not—amidst direct production reports from such industry giants as Apple, Wal-Mart Stores Inc. and Whirlpool—U.S.-based manufacturers today continue to bring production from overseas back to the U.S. And sometimes, for that to happen, all it takes is one simple conversation between a manufacturer and its supplier.

Such was the case when Fremont, Calif.-based SpecCoat, which provides specialized coating services, expanded their Web strategy and connected with a supplier through their online profile at ThomasNet.com.

“If it wasn’t for Thomas, we would still be growing but not at the rate that we are right now,” explained Rick Ramirez, Founder and Co-owner of SpecCoat. “We’ve had some large companies come our way and that actually opened up the communication of offshoring and reshoring through some of the hits that we had and some of the jobs that we acquired through ThomasNet.”

The specialized domestic vendor, which conformal coats and pots all types of PCBs used in medical, military, aerospace, commercial and retail applications, to date convinced three of its accounts to bring production here, not only for coating purposes but assembly as well—and to keep it U.S.-based.

“One customer that we continue to service now had a problem with the coating that was being done offshore,” said Ramirez. “Their parts were coated offshore but they were failing. They found us, called us and we were able to do the R&D, if you will, on their coating. After three or four attempts, we found a coating that worked and solved their problem. But during this four-to-six week process, we started discussing ‘why not bring the coating here rather than do that in China?’ And with that type of discussion, it’s typically ‘well, you’re offshore—you have to worry about the quality.’”

In discussing such topics, as well as infrastructure costs and sales related to production, SpecCoat and its customer HawgWired Inc. were able to agree that the coating application on their material should be done domestically.

Reshoring the coating process back from overseas was a decision that HawgWired’s President Paul Hughes considered for quite some time but “Rick really helped promote the idea,” he confirmed. “We had this cycle of bringing boards in, building amps and shipping them out. But the process is more complicated than just outsourcing overseas to cut costs. And when quality is an issue, it’s extremely difficult to manage.”

To qualify its circuit boards for the next phase in the production cycle, HawgWired must first test each board—primarily done in batches—before they become coated. But part of the issue that the motorcycle audio equipment provider faced in having its circuit boards coated offshore and shipped to its Newark, Calif. facility for final assembly was not only dealing with the costs of doing low-volume overseas but receiving circuit boards that had performance issues.

“There are minimum orders any time you go offshore,” explained Hughes. “And it almost never makes sense to ship a product back overseas when it needs to be repaired. So what happens is, you end up paying the labor rate here to do the repair—and sometimes, that can cost more than the product.”

By working with two domestic vendors to test the boards in the U.S. at their site, HawgWired is able to mitigate the quality assurance of each board more effectively and cost efficiently before sending them in batches to SpecCoat for coating.

“There were a number of things we solved—it wasn’t just cashflow,” Hughes continued. “It was a huge step for us to simplify for everybody ‘when the assemblers get 50 boards ready, they go to Rick, he coats them, they come to us and we can do the final assembly and ship them within a few days. Whereas with our former process, that could take weeks.’”

THIS CONTENT CONTINUES ONTO THE NEXT PAGE...

1 | [2](#) (/ARTICLE/10929368/INVEST-IN-YOUR-RD-BEFORE-YOU-MAKE-OVERSEAS-PRODUCTION-YOUR-GO-TO-STRATEGY?PAGE=2) NEXT PAGE » (/ARTICLE/10929368/INVEST-IN-YOUR-RD-BEFORE-YOU-MAKE-OVERSEAS-PRODUCTION-YOUR-GO-TO-STRATEGY?PAGE=2)

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