API
ALLIANCE

"Partners In Production"

Is it time to outsource?
Electronic Controls - Electro-Mechanical Assemblies - Engineering Design

This is usually the first question that comes up when a new project or product is being planned. Where is it going to be designed and produced? When deciding whether to outsource your projects, there are a few questions that need to be answered to determine the course of action that you should take. To help alleviate some of the worries of outsourcing, we have gathered a list of questions that should be addressed before choosing to outsource. Once you reach a conclusion, we offer some key considerations to help address who should be chosen as your outsourcing partner.

Ask your team the following quick qualifiers:

❑ **Do we have the technical capabilities to complete our project?**
❑ **Do we have the manpower?**
❑ **Do we have the facilities, floor space, and equipment?**
❑ **Do we have the time to meet our deadlines?**
❑ **Can we purchase components using internal resources at competitive rates?**
❑ **Will this be a distraction to our core focus and effect other efforts?**

The answers to these quick questions will typically provide all that is needed to start the process of evaluating and selecting resources for outsourcing assistance in technical design and production.

Electronic Controls - Electro-Mechanical Assemblies

Beginning a Partnership - The Trial

Start by identifying, analyzing, and validating an outsourcing partner before there is a critical need. Carefully choose your partner and then 'test' them to see if they measure up to your standards. After 'testing' your partner's capabilities, you will have more confidence in the quality of their work and their ability to help.

We are going to outsource - now what?

Once you decide that an outsourcing solution is required, the following factors should be considered when choosing an outsourcing partner:

- *Quality:* What are their organizational procedures? Do they have a quality plan?
- *Delivery:* Can they handle my volume requirements, delivery schedule, lead times, and turnaround requirements?
- *Visibility:* Will my project be lost once inside their facility?
- *Cost Factors:* Will my outsourcing partner be able to meet my critical cost factors, price, and capital expenditure constraints?
- *Project Growth and Management:* Will my partner be flexible with changes in my company's growth?
- *Logistics and Location:* Will location of my outsourcing partner's facility make it efficient to move our product? How easy is it to visit my outsourcing partner's facility if the need arises?

Quality

- *Quality control is very important for any company; how will outsourcing affect the ability to produce quality products?*

Everyone understands that quality is an important factor. When looking for an outsourcing partner, make sure they have an established quality program, process control steps are in place, and they clearly document every step. The partner should do periodic quality checks and report the information directly to you. Also, make a point to establish a follow-up call or survey to your end customers to make sure the quality of the product is up to both parties' satisfaction. These steps will allow you to quickly resolve any issues and will help eliminate errors.

Delivery

- *What are your turnaround requirements?*

When companies outsource there is always a concern about the time it takes your outsourcing partner to produce the product once a customer places an order. The standard and expedited turnaround time should be discussed with your partner before they are chosen. Specific parameters should be put in place to ensure that your customers receive their product in the needed time-frame.

- *What are the product's volume requirements?*

If you have small to medium volume requirements, you may want to outsource to produce a smaller batch for a client's needs, instead of having to restructure to produce the order in-house. Once supplied with the proper specifications - your outsourcing partner has the ability to supply product on an 'as needed' basis. This flexibility can save you money by producing product quickly when ordered, instead of having product in-stock (inventory) waiting to be ordered.

Visibility

• *What types of control and feedback will be accessible to monitor my project off-site?*

When part of your operation is removed from your direct control, there is an initial sense of concern. Will your partner be able to handle the project correctly, on time, and to your specifications? The outsource provider needs to have established check points that allow for updates and status reporting. Systems need to be in place to allow for seamless visibility into progress, completion, and standards.

Cost Factors

• *What types of budget constraints need to be addressed when considering outsourcing?*

When choosing if you should outsource, it is very important to align budget constraints and expertise. It is a viable option to keep a project in-house when your company's proficiency matches the needs of the project. It is time to outsource when a project is beyond your company's expertise; make sure your outsourcing partner has expertise in the project is vital to making efficient use of budgets.

• *Will outsourcing affect my capital expenditures?*

In order for a business to be successful, great care has to be taken when it comes to spending money - especially on capital expenditures. Outsourcing your electronic controls and electro-mechanical assemblies is a valuable alternative to spending on capital equipment or keeping production staff for a project outside your company's capabilities.

Project Growth and Management

• *How will my outsourcing partner address the changes in my business over time?*

Do you see your business changing/growing dramatically over the next few years? If so, be sure to pick an outsourcing partner that is able to provide for future demands, such as higher volume production runs. Make sure your outsourcing partner is willing to adjust to your business demands by properly adjusting their staff and capabilities.

Logistics and Location

• *Will this extension of my facility cost more than it is worth in added logistics?*

Evaluating shipping costs can be pretty simple, but how much effort it takes to make a quick visit is not always discussed? While in today's age almost everything can be handled via technology without making a trip, but location can become critical when an immediate need or issue surfaces. Is overnight travel required when you need to send in key personnel? This is not usually a show stopper when deciding to outsource, but it is a factor when deciding between outsource options. The rule of thumb is usually 3 hours. If you can make the trip in less than 3 hours, most meetings and reviews can be accomplished in 1 work day.

"Partners In Production"

The API Business Advantage...

■**Partnership - API Alliance** works with each customer to develop a plan to meet their specific needs - becoming an extension of our customer's engineering and production departments.

■**Quality - API Alliance** develops and maintains a comprehensive assembly process for each of the products we build. The process builds the product, our talented staff follows the process, and quality checks/final testing - guarantee the results.

■**Delivery - API Alliance** combines a flexible procurement plan with adaptable production scheduling, and a process-driven approach; minimizing our reaction time to maximize the net results.

■**Visibility - API Alliance** utilizes a full set of forms, documents, and automated reports - that allow our production efforts to be updated and available to our customers upon their request.

■**Cost - API Alliance** provides cost-effective assembly services and flexible pricing on BOM items; we will work with you to dermine the best route needed to stay within budget constraints.

■**Growth - API Alliance's** production options and versatile staff are able to adjust for volume growth, while our engineering staff stays on the cutting edge of technology enhancements.

■**Logistics - API Alliance** is centrally located in the heart of the Midwest - simplifying shipping and customer visits.

Let API simplify your decision