

Reshoring Initiative Brings Message to Mississippi

Recent talk of reshoring has a lot of manufacturers wondering whether bringing their jobs back to U.S. soil is a cost-effective strategy for their businesses. Harry Moser, president and founder of the [Reshoring Initiative](#)®, based near Chicago, thinks it is, and he's on a mission to convince manufacturers across the country to do just that.

Reshoring, or bringing back the manufacture of products that will be sold or assembled in the United States, was the topic of a recent workshop led by Moser at the Center for Automotive Vehicular Systems Extension in Canton. This reshoring event was repeated May 14 and 15 for manufacturers, economic developers and others from across Mississippi who are interested in bringing more overseas jobs back to the state.

American companies, says Moser, often don't consider all of the costs involved in sending their manufacturing offshore, such as inventory carrying costs, traveling costs to check on suppliers, intellectual property risks and opportunity costs from product pipelines being too long. (Calculate your company's total cost of ownership, or TCO, with the Total Cost of Ownership Estimator™ on the Reshoring Initiative [website](#).)

In fact, Moser says, "Sixty percent of manufacturers don't do their homework properly. They ignore 20 percent or more of the total cost of offshoring their products."

In a March 22, 2012, article entitled "[U.S. Manufacturing Nears the Tipping Point](#)," (registration required) the Boston Consulting Group (BCG) looked at the current and future costs of manufacturing in China.

"The impact of the changing math of manufacturing will be felt the most in seven industry sectors that our analysis predicted would reach a tipping point in around five years, when the rising costs of producing in China will make it more economical to shift the manufacture of goods consumed in the U.S. to the U.S. Together, these industries account for nearly \$2 trillion in annual U.S. consumption. In 2010, the U.S. imported nearly \$200 billion worth of products in these categories from China — almost two-thirds of total Chinese exports to the U.S. These industries are the following:

• Computers and electronics.
 • Appliances/electrical equipment.
 • Machinery.
 • Furniture.
 • Fabricated metals.
 • Plastics and rubber.
 • Transportation goods."

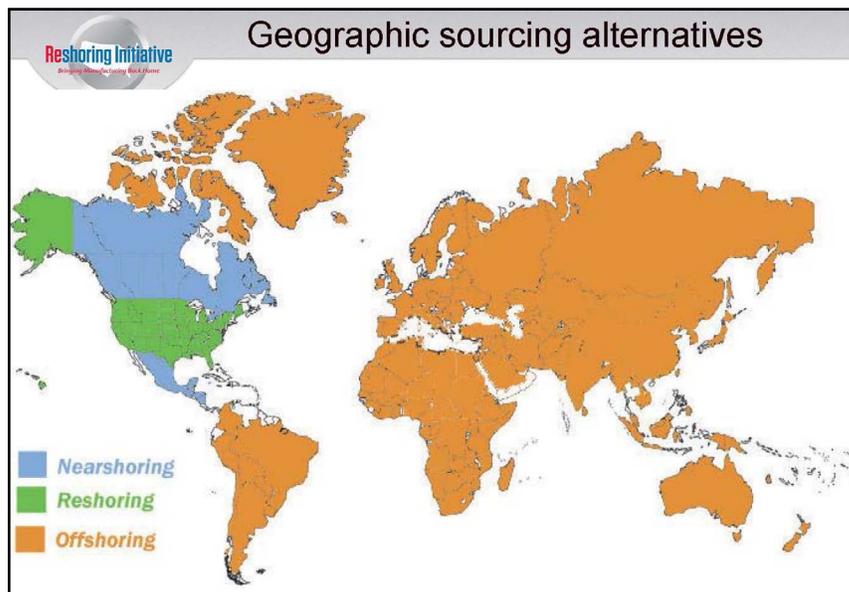
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The BCG research aligns with Moser's Reshoring Initiative.

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Harry Moser
 President and Founder
 Reshoring Initiative



“Reshoring is easier than exporting more,” says Moser. “There are distinct advantages for a U.S. manufacturer to compete here rather than offshore:

- Most of the TCO costs.
- Familiar legal and regulatory system.
- Simplicity of selling into huge home market versus the added cost of overseas sales and support.
- No exchange rate issues.
- Cost advantages of greater than 24 percent, similar to total direct labor percentage of manufacturing cost.
- Timing: quick impact because the company is already selling here.”

An April 25, 2014, [press release](#) by BCG says the “new BCG cost-competitiveness index finds Mexico is less expensive than China, the UK is the low-cost manufacturer of Western Europe, and many emerging markets known for low costs are no longer cheaper than the U.S.”

“While labor and energy costs aren’t the only factors that influence corporate decisions on where to locate manufacturing, these striking changes represent a significant shift in the economics of global manufacturing,” said Michael Zinser, a BCG partner who is co-leader of the firm’s Manufacturing practice. “These changes should drive companies to rethink their sourcing strategies, as well as where to build future capacity. Many will opt to manufacture in competitive countries closer to where goods are consumed.”

The reshoring event at CAVS was sponsored by the Mississippi Make It In America (MMIIA) team. MMIIA was recently awarded a grant under the 2013 Make It In America Challenge Grant program to establish a statewide Mississippi initiative to address two key manufacturing thrusts:

- Training Workers to Acquire Advanced Manufacturing Skills.
- Helping Mississippi Manufacturers Strengthen their Supply Chains.

The MMIIA grant proposal received one of only 10 awards nationally from a collaboration of four federal funding agencies. A three-year contract period began in late 2013, which targets creating or saving 750 jobs and achieving an economic impact of \$40 million.

The Mississippi Make It In America team consists of:

- Mississippi State University – CAVS Extension, Franklin Furniture Institute and National Strategic Planning and Research Center.
- InnovateMEP Mississippi.
- Four community colleges: Itawamba, East Mississippi, Mississippi Delta and Holmes.
- Two Workforce Investment Areas/Planning and Development Districts: Mississippi Partnership WIA/Three Rivers PDD and Delta WIA/South Delta PDD.
- The Reshoring Initiative.
- Mississippi Development Authority.

The reshoring event also included one-on-one supply chain listening sessions designed to identify opportunities to strengthen and optimize a manufacturer’s supply chain, including in-house production. The issues identified and information developed through these sessions will be used by “Tiger Teams” to identify and propose solutions to the identified issues. The Tiger Team projects will be made up of members of the MMIIA.

The Reshoring Initiative, founded by Moser in 2010, is an industry-led effort to bring manufacturing jobs back to the United States. The initiative works with U.S. manufacturers to help them recognize their profit potential as well as the critical role they play in strengthening the economy by utilizing local sourcing and production. The Reshoring Initiative takes direct action by helping U.S. manufacturers realize that local production and sourcing often reduce their total cost of ownership of purchased parts and tooling.