



Buy or Build: Companies Reconsidering Subcontract Manufacturing in China

Experienced Manufacturers Launch “Strategic Footprint,” to Guide North American Companies Seeking Greater Control of Production and Customer Proximity

August 10, 2020 (San Antonio, TX) – Quality issues, delivery delays and intellectual property theft are among the key risk factors manufacturers face when working with subcontractors based in China, according to Doug Donahue, the founder of Strategic Footprint, a newly launched firm that helps companies evaluate the costs and risks of sourcing product from subcontractors in China, and explore options to exert more control over production and brand image.

“In addition to traditional risks with contract manufacturing in China, there are also more recent threats, such as the US-China tariff war, ever-rising landed costs of products made in China and an uncertain geopolitical climate, making subcontracting there less appealing than ever,” Donahue says.

Even before the Coronavirus pandemic turned much of the manufacturing sector on its ear, a growing number of North American companies were moving away from a “China first” production approach, including companies engaging in contract manufacturing there, in particular. That trend should likely accelerate as the US-China tariff war and concerns about political transparency further intensify.

In fact, in 2019, domestic US manufacturing owned a significantly greater share of global output compared with low-cost Asian competitors, with manufacturing imports from China showing a particularly sharp decline, according to the 2019 “Reshoring Index,” from Kearney, a manufacturing consulting firm.

Risk Mitigation As Survival

With many companies looking to reduce dependence on China subcontracting, Donahue partnered with manufacturing industry veteran and former COO of Callaway Golf, Bob Penicka, to form Strategic Footprint. The firm will guide companies in evaluating the strategic advantages of building its own products in North America, as a replacement for subcontracting in China. Strategic Footprint will also lead companies through the entire transition to in-house production, step by step.

Penicka is well positioned to advise companies on the shift, as he moved production from subcontract manufacturing in Asia (once from China, once from Taiwan) to North America production for an industry-leading, US-based sporting goods brand. “I’ve learned over the years when you run a product-based business, there is a big benefit to controlling the manufacturer of that product,” Penicka says. “Twice I guided companies in making that shift away from subcontracting, and they gained shorter production lead times, better flow of product and, maybe most importantly, protection of their designs.”

What Do We Offer?

Strategic Footprint’s experts are hands-on practitioners, not theorists or analysts. Because Donahue and Penicka have actually moved companies away from China subcontract manufacturing in the past, they know the steps, costs and risks. They will advise companies on the factors to analyze when looking at alternative production locations, processes and labor. All with the goal of giving companies greater transparency and more control over production and quality.

About Strategic Footprint

Strategic Footprint guides companies in evaluating all costs of manufacturing and delivery, so company executives can explore alternatives to subcontract manufacturing in China, and take back full control of their brand.

Journalists: learn more about Strategic Footprint on our website (www.strategicfootprint.com): watch our video, download the “Leaving China Subcontracting Behind” success story, or request an interview with our founder, Doug Donahue.

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