



Outsourcing: The OEM's Guide to Selecting Contract Manufacturers

Why outsource manufacturing? The question seems almost rhetorical given that outsourcing manufacturing is increasingly the norm for OEMs in many industries.

However, it's an important question to ask. So much so, in fact, that Peerless Research Group posed it to supply chain executives at nearly 100 multi-million dollar companies¹. The vast majority (84%)¹ of survey respondents cited benefits including:

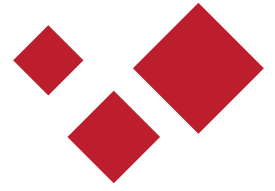
- Reducing manufacturing costs and Total Cost of Ownership (TCO).
- Leveraging third-party manufacturing expertise and skillsets, including Design for Manufacturability (DfM).
- Increasing responsiveness and agility.
- Accommodating rapid, flexible growth and regional/local development without investing in costly facility expansions.
- Redeploying technical resources on future products and enhancements.

The reasons for — and benefits of — outsourcing manufacturing are compelling. They also underscore the importance of forming strategic partnerships with contract manufacturers that are proven in your industry, reflect your business model, and support your growth initiatives.



That's a tall order, and not all contract manufacturers will measure up. This guide provides the information OEMs need to evaluate and select the best fit for their current projects and future needs.

Practicalities: 10 Things To Look For In A Contract Manufacturer



Contract manufacturers influence an OEM's projects, relationships, and future business growth. OEMs must be selective, and it starts with assessing risk and determining synergies in key areas:

1. **CAPABILITIES:** What services and types of work are offered by the contract manufacturer? Will they complete the entire project in-house, or outsource portions?
2. **EXPERIENCE:** Is the contract manufacturer well-established? More importantly, do they have familiarity with your industry and a proven track record producing parts similar to your particular project?
3. **PROCESSES:** Does the contract manufacturer have processes that mirror and support your business operations?
4. **FLEXIBILITY:** Is the contract manufacturer rigid about their processes, or are they appropriately flexible — perhaps adding your suppliers to their approved vendor list (AVL), working with your internal requirements, or accommodating your product-specific testing protocols?
5. **EQUIPMENT/TECHNOLOGY:** What types of equipment and technology does the contract manufacturer use? Is it representative of their in-house knowledge, abilities, and commitment to efficiencies?
6. **CAPACITY:** Can the contract manufacturer accommodate your production volume and timelines?
7. **KEY CONTACTS/PERSONNEL:** Everyone who influences your project within the contract manufacturer's facility should be of interest to you. What does training, oversight, and accountability look like? What insights and experience does the product assembly crew offer? What length of tenure do they have?
8. **REGULATORY EXPERTISE:** Compliance protocols vary widely from country to country and industry to industry. Is the contract manufacturer current on mandates? Do they have procedures in place to ensure adherence to health, safety, and environmental regulations?

9. **LOCATION:** Where will the contract manufacturer complete the work? Are they able to leverage multiple locations to maximize the benefits of various production capabilities and geographies?
10. **FINANCIAL STABILITY:** What's the state of the contract manufacturer's finances? Do they have a history of financial health, or could insolvency issues disrupt the supply chain and put production at risk?

Supplier or Partner? There's A Difference

Evaluating contract manufacturers requires a fair amount of due diligence. There are the standard questions that arise about how job costs are assessed, processes that target efficiency, quality, and consistency, communication management, and intellectual property protections, among others. Competent suppliers generally check these boxes.

Then there's the matter of long-term value — the differentiator between “supplier” and “partner.” Contract manufacturers that view their relationships with OEMs as partnerships demonstrate their commitment to investing in an OEM's projects, business, and growth initiatives through:

- A **trusted team** that's ethical, fully engaged, and offers insights that only tenured experience can provide.
- A **values-driven culture** that organically aligns with yours.
- A **proven track record of integrity and success** that can be attested to by current customers through references and conversations.



The GMI Solutions Advantage

GMI Solutions is entrusted with some of the world's most recognizable brands because of the synergistic partnerships we have with OEMs, built on our decades of experience in highly specialized industries and our unwavering commitment to providing:

- **Manufacturing excellence** in high mix/low- to mid-volume production, backed by ISO 13485 and CCC certifications, and established tools and processes that ensure top product quality, consistency, and timeliness.
- **Ongoing value** throughout the entire product life cycle, including revision controls, continuous improvement programs and existing Design for Manufacturability (DfM) processes.
- **Full team support** of every OEM — in every situation — provided by a dedicated group of GMI team members.
- **Cumulative value** that increases over time and with additional project engagements as a result of a thorough understanding of the OEM's requirements and processes.
- **Supply chain stability** based on a long history of steady growth since the company's inception in 1983, and its sole focus on OEMs.
- **Global locations** for strategic dual-hemisphere manufacturing, seamless program migrations, and failover production in the event of catastrophic facility failure.



Competent contract manufacturers are fairly easy to find, but when OEMs take the time to find a perfect fit — a true partner — the value-add is exponential. GMI Solutions has been that partner to OEMs in highly specialized industries for more than three decades, and we're dedicated to manufacturing what matters. Contact us to learn how we can be your trusted contract manufacturing partner for high mix/low- to mid-volume applications.



SOURCES

¹ IMCPA, Outsourcing Manufacturing: A 20/20 view, Undated



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