The Automation Element of Re-Shoring

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Automation GT, an automation design-and-manufacturing firm based out of Escondido, Calif., is at the forefront of the “re-shoring” trend that has been sweeping the American manufacturing landscape. The company, which has deployed automation solutions in a handful of industries — aerospace, automotive, pharmaceutical and medical devices, to name a few — has seen some of its largest clients put serious thought into the business case of bringing work back to America.

Simon Grant, Automation GT’s CEO and President, says the re-shoring issue has become more prevalent in during early and mid-2012. Even though most of the industry has been aware of the trend, Grant says only recently has there been a “re-awakening” of the capital budgets among his company’s Fortune 100 customers. And while a post-Great Recession economy might give major corporations more flexibility in which to consider the prospect of bringing jobs back to America, it’s not the only reason to pursue the business case

There are the typical reasons that a manufacturer considers re-shoring, which Grant says circle around “labor cost and conditions, compliance, intellectual property and time to market.” With labor costs in China rapidly rising, more companies are starting to realize that the total cost of ownership of a given product is not quite as compelling for the off-shore side. The total cost of ownership equation now includes time in freight, which can swing wildly due to delays and weather conditions. Add in unfavorable tax-and-duty situations, and the price outlook gets even worse.

Grant says that many manufacturers have left themselves open to being affected by impossible-to-predict weather conditions, such as the recent Hurricane Sandy, which struck the East Coast with devastating effect in October 2012. The longer the supply chain from point of manufacturing to point of sale, the risk increases dramatically. He says, “One customer recently missed a key market opportunity due to their product sitting on a container ship waiting for east coast ports to re-open.”

While no amount of re-shoring can guarantee that a company’s operations will be free from similar disasters, it does significantly lower the barrier to finding a workaround that will get product where it needs to be to keep customers happy. With everything put together, Grant states, “From a financial and a logistical perspective, automated production in the U.S. just makes sense.”

These correlated issues with off-shored manufacturing have forced a few early adopters to “have already ‘pulled the trigger,’ and move forward with projects to onshore production,” Grant says. And the rest? Grant says that based on his experience with a multitude of customers, many more are doing their researching and building out the business case for re-shoring.

For those who have already rolled out a re-shoring effort with an emphasis on automation, the results are many and wide-spread. Grant says that in many of the applications his company specializes in, such as medical devices or aerospace, much of the product is actually becoming too small and precise, physically, for employees to handle, much less control quality. Grant says, “This creates the potential for workplace injury, quality issues and an overall slowing of throughput.” Here or abroad, automation seems to be the ticket for precise or intricate manufacturing processes. And there’s no question that automation can be done cost-effectively in America.

An automated production line can also help manufacturers respond to changing market demands with an extraordinary speed, while protecting intellectual property. And while many manufacturers say they’re having difficulty in finding the skilled labor to fill positions on high-tech, automated production lines, Grant is confident that an automation push will end up creating more high-paying, reliable jobs for our current stock of manufacturing workers, and those of future generations. And all manufacturers who automate today will be creating employees with the skills to ensure work far into the future — and that’s good for the economy.

There’s also the proximity element, Grant argues. He says, “In a time when consumer expectations for superior goods and services continue to grow, operating closer to the demand allows companies to reduce lead times and keep up with the market’s incessantly changing demands.” A number of American manufacturers, such as American Leather [1], have recently found success in rapid, diverse customization of its products through automation and American labor. It’s a recipe that has already proven to be successful.

Grant remains optimistic about the prospects of re-shoring during 2013, and is even offering clients who aim to bring production back to the U.S. a free consultation and

review of their manufacturing lines. He says, “We expect to see onshoring really pick up in 2013. We are excited and ready to consult with clients during their transition.”

And Grant couldn’t help but pitch the merits of not only manufacturing automation, but also his company’s efforts to make the re-shoring transition easier: “The beauty of good automation is a great integrator that allows the workers to be successful in managing and maintaining their system — automation is not just about the mechatronics but an “end to end” service. Automation GT is a leader in business process analysis, system commissioning, user training and ongoing support — we have many years’ experience positioning our system owners and their operators for success.”

For more information, please visit www.automationgt.com *[2].*

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