# 2012 Design-2-Part Survey Reveals Outsourcing Trends

Design-2-Part

**Contract manufacturing continues to grow while manufacturing business steadies.**

Prospect, CT — As American manufacturing appears to have steadied from a growth spurt seen in 2011, contract manufacturing continues a two-year trend of positive growth.

In the recent third annual Design-2-Part (D2P) [1] Manufacturing Trends Survey, 42 percent of U.S. OEMs indicated that they expect to have more outsourcing projects/purchases in the next year than they had in the past twelve months. The response was a 3 percent increase over the previous year and an 11 percent increase from the 2010 survey.

On the other hand, responders indicated a less positive trend for their business in general as only 48 percent said that business has grown in the past twelve months compared to 51 percent in 2011.

The survey also asked the OEM engineers and buyers that outsource what their company's most important factor for measuring manufacturing outsourcing vendors was. "Quality" continues to be the number one priority with 49 percent, followed by "product cost" with 39 percent, "delivery" with 9 percent and "technical support" at 3 percent. These responses closely resembled within 2 percentage points the answers given in 2011.

Responders were asked questions about where geographically they outsource. First, they were asked, "Where do you currently outsource the majority of your projects?" The most popular answer was "local vendors-up to 100 miles" at 42 percent, followed by "regional vendors-up to 250 miles" at 20 percent, "national vendors" at 19 percent, and "overseas/international vendors" at 20 percent.

Those who answered "local vendors" were asked "what is the primary reason for using local vendors?" Over half at 56 percent answered "hands-on access/vendor visits." "Delivery time" was second at 21 percent, followed by "support local economy" at 13 percent, and "cost" at 11 percent.

Responders who answered "overseas/international" where asked, "What is the biggest Supply Chain risk as viewed by your company?" Fifty percent answered "delivery time," followed by "vendor stability" at 31 percent, "shipping costs" with 12 percent, and "natural disaster" at 7 percent.

At the end of the survey, the engineers and buyers were given the opportunity to

answer two open-ended questions. When asked, “What are the advantages for your company to outsource domestically,” there were five common themes: superior quality, better communication and supervision, reliable delivery, shorter production runs, and “Made in America” pride.

The participants were also asked, “What are the biggest challenges you face from product development through manufacturing in trying to bring a product to market.” Common answers included: industry and government regulations, smaller run quantities, and maintaining quality while dealing with price pressures.

An engineer from Effective Medical Solutions in Homer Glen, IL seemed to sum up what many others felt when he said, “Getting it right. While price counts, making a quality product is way more important. In the long run, quality will build loyalty.”

The annual Design-2-Part survey was sent in June to manufacturing engineers and purchasing personnel who attended one of the eleven D2P Shows in the last year that take place in major manufacturing hubs across the United States. The survey yielded 436 responses from a fairly even cross section across all major manufacturing industries.

*For more information visit* www.D2P.com *[2].*

*Design-2-Part Shows are America’s largest and longest running design and contract manufacturing tradeshows. The shows provide design engineers, manufacturing engineers, manufacturing managers, and purchasers their best opportunity of the year to meet local and national job shops and contract manufacturers for the purpose of sourcing custom parts, components, design, prototypes and assemblies. Job shops and contract manufacturing companies exhibit design-through-manufacturing services covering more than 300 product categories for the metals, plastics, rubber, and electronics industries.*

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