



NICHE ELECTRONICS

Your Solutions Driven Partner

UNLOCKING GROWTH (PART 2)

The Outsourcing Decision for Small Manufacturers

By Tim Rodocker, Business Development Manager, Niche Electronics

For the best understanding of this material, please read Part 1.



PART 2: How to Select Your CM Partner

In the first installment of this series, we reviewed a few questions a business owner might want to ask themselves to determine whether the timing is right to outsource manufacturing.

In this article, we'll assume that your company is prepared to make that step, and we will explore the ways in which you can best identify a CM that fits your project and your company.



DEFINING PARTNERSHIP GOALS

Now that you've opted to consult a CM, the question becomes, "Who?"

A CM is an extension of your team, driving your business forward while you focus on innovation and market expansion. The journey should begin with choosing a partner that is located close enough for convenient face-to-face collaboration. This kind of interaction helps streamline and simplify communication, as opposed to adding long distance coordination to the list of tasks. Proximity builds trust and decreases the chances of miscommunication.

A clear vision of your own goals can help guide you to the right match and foster a strategic ally. Look for added capabilities like logistics support to streamline shipping, or engineers available to refine your product for manufacturability while also focusing on process improvements. If speeding up new product launches is a priority, a local CM with New Product Introduction (NPI) experience can make a big difference.

TO RECAP:

- Can you easily visit this CM's facility in person to discuss your needs?
- Does this CM build a genuine, peer-to-peer relationship?
- Does this CM include logistics, engineering, NPI support, etc., in their offerings?

EVALUATING PRODUCTION FIT

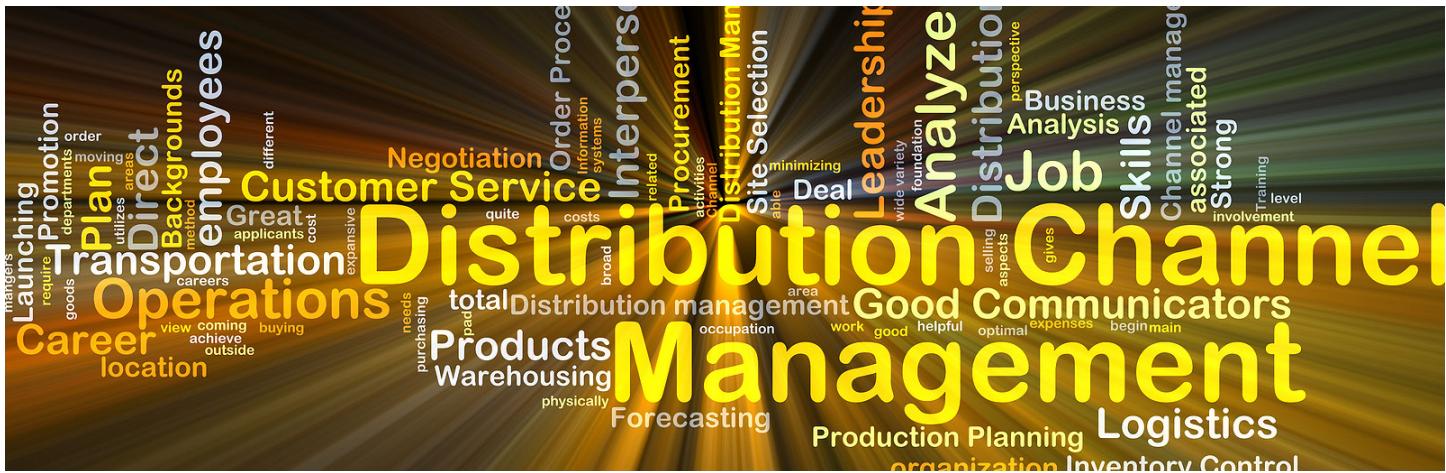
With your goals plainly stated, assess whether the CM can handle your production needs. They must have the capacity and expertise for your volume and complexity. Seek certifications like ISO 9001:2015, and verify training to IPC-A-610 for circuit board assembly and IPC-A-620 for wire assembly.

Their workforce should deliver consistent results. Inquire about their approach to your specific projects, from small runs to large orders. A CM with a skilled, well-trained team will reduce errors and boost efficiency, regardless of the production run.

TO RECAP:

- Does the CM have the capacity to meet your production volume?
- Are this CM's labor practices efficient and trained to your standards?
- Can this CM minimize rework with improved yields and quality control?





ASSESSING SUPPORT CAPABILITIES

As I mentioned in Part I of this series, support tasks like purchasing and engineering can quietly drain your resources. A strong CM can step in to manage part procurement, inventory, and supplier negotiations, allowing your purchasing team to focus on strategic priorities. They also bring a cohesive team of engineers to cover quality, mechanical, electrical, testing, and industrial processes. The right CM might also provide additional services like conformal coating or potting for component protection, box builds for full assemblies, and others.

Another key strength to identify in a CM is a commitment to stay ahead of technology trends. The best CMs invest in the most advanced machines. They also prioritize ongoing training, ensuring their staff holds the latest certifications to handle evolving industry demands. This commitment-to-innovate ensures your products will benefit from the latest advancements without the need for additional capital expenditure by your company.

"As a contract manufacturer serving customers who push the boundaries of technology, we are uniquely positioned to witness emerging trends in electronic design from concept through product maturity," says Frank Bowman, CEO, Niche Electronics. "This exposure enables us to evolve our equipment and training capabilities, which ensures we are consistent in our application of best practices and anticipation of industry demands."

A locally-based CM that excels in new product introduction and is backed by modern tech and trained experts could shave months off your development cycle. This dedication to technology and skill is where their value truly gives you a competitive edge.

TO RECAP:

- Will the CM manage purchasing and inventory responsibilities for you?
- Can the CM's engineering team address a range of technical challenges?
- Is the CM financially stable with owned facilities and the latest machines?
- Does the CM train staff to the latest certifications and stay current with trends?
- Does the CM offer testing, conformal coating, box builds, and NPI support?



AVOIDING COMMON PITFALLS

Rushing to choose a CM can lead to missteps. We advise companies to take the time to investigate potential CM partners carefully to avoid problems like these:

Picking only on price Making a CM selection based purely on cost can strand you with a vendor that is lacking in quality or reliability. In a worst-case situation, you might end up with a CM that is financially unstable, putting them at risk of closing, and you at risk of losing all your efforts – and products.

Splitting the order Multi-sourcing across multiple CMs poses different potential problems. Finding one reliable partner is hard enough and dividing volumes across multiple vendors inflates costs, risks, and headaches. A better option is to select a CM with multiple locations using similar equipment. Redundant facilities within one CM allows it to rapidly set up and resume production in an alternate shop in the event of an unexpected interruption like a power outage or weather event.

Overlooking company culture Ensure a CM's culture fits with yours. A mismatch can cause frustration, discomfort and mistrust, making the partnership tougher to manage. Strive for a team that shares your work ethic and values for a smooth collaboration.

To steer even further clear of trouble, seek referrals from groups like the Surface Mount Technology Association (SMTA) or your local manufacturing association. When interviewing a CM, ask if they have customers willing to vouch for them. A company that is readily endorsed by its customers is worth investigating as a potential manufacturing partner.

TO RECAP:

- Does the CM have financial stability to avoid sudden closures?
- Do they offer multi-location redundancy for risk management?
- Does their culture align with yours for easy collaboration?
- Can they provide customer references to confirm their reliability?

Making the choice to outsource is a difficult one, but if these items are things you are concerned about, you can download our assessment and stay tuned to this blog for **Part 3: Pricing Services Fairly**.

If you have specific questions about this article, or about outsourcing in general, contact me at TimR@Niche-Electronics.com for a consultation.

ABOUT THE AUTHOR:

Tim Rodocker is a Business Development Manager at Niche Electronics with more than 20 years in contract manufacturing. He has led dozens of program launches and manufacturing transfers across defense, aerospace, automotive, and consumer electronics markets.

