Considerations before outsourcing production overseas

Future Manufacturers
MADE | DI PRODUKTION | INDUSTRIENS FOND

Obvious Factors to Consider

Quality
Finding a manufacturer that can produce the needed level of quality is important. There are competent suppliers of quality goods all across the world.

Cost
It is a question of value for money. Higher quality and faster delivery equals higher cost. Asia is widely know for its cheap manufacturing cost.

Reliablility
Having a supplier that delivers ontime, everytime is an important factor. The resiliance of your startup is directly affected by your suppliers reliability.

Communication
Being able to understand your suppliers skills and limitations is important when initiating a business relation.

Alignment
Is the supplier someone you and your company wants to be in assosiated with?

Frequently overlooked considerations

Quality and Control

Quality Standards & Control
Different standards may require stricter quality checks. Remote production limits direct oversight.

Start-up & Flexibility
Longer setup times and less agility in adapting changes compared to local production.

Hierarchy & Communication
Business cultures differ, authority structures may limit open discussions and decision-making.

Complexity
More suppliers increase risks, coordination time, and costs.

Logistics & Time Management

Production & Shipping Time
Longer lead times due to supplier coordination, manufacturing, and transport.

Shipping Costs & Delays
High logistics expenses, CO2 emissions, and risks of disruptions at every transit point.

Customs & Taxes
Import duties vary by country, adding costs and complexity.

Time Zones & Coordination
Differences in working hours delay communication and decision making.

Risk Factors

Global & Political Stability
Political unrest, economic instability, or crises can disrupt supply chains.

Supplier Resilience
Not all suppliers can handle disruptions or scale production reliably.

More Stakeholders, More Risk
The more parties involved, the higher the chances of miscommunication and failures.

Culture & Ethics

Cultural & Language Barriers
Differences in business norms and communication styles can lead to misunderstandings.

Work Environment & Ethics
Labor conditions vary - ensure fair treatment of workers.

Sustainability & Values
Suppliers' environmental and ethical standards may not align with your company's values.