

MIT Survey Spies 'Significant Shift' in Manufacturing Strategy

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CAMBRIDGE, MA -- A recent **MIT** survey found one-third of the companies responding are considering reshoring their manufacturing, adding evidence to those who see a return to regional strategies.

Some 340 participants completed the survey, of which 198 were manufacturing-only companies. Out of those 198 companies, 156 were US companies, defined as having their headquarters in the United States.

The top three manufacturing-only industries that responded to the survey were: Computers and Electronics (19.2%), Food and Beverage (10.6%) and Chemicals (8.1%). The category, "Other Manufacturing Companies," includes manufacturers of personal care products, golf equipment and various other companies.

For US manufacturing companies, the data indicates a significant disparity between companies that are "considering" versus those that are "definitively" planning on re-shoring, meaning to bring their manufacturing activities back to the United States. This disparity was independent of company size.

Specifically, 33.6% of respondents stated that they are "considering" bringing manufacturing back to the US, while only 15.3% of US companies stated that they are "definitively" planning to reshore activities. Time-to-market and controlling costs were two main reasons for re-shoring, according to the survey. Interestingly, one-third of the respondents did not answer this question, possibly indicating a reluctance to discuss the topic due to its sensitive nature.

The survey asked the participating US companies to identify government actions that will accelerate the reshoring process. According to the data, the number one government action that can make a difference is corporate tax reductions, with both providing tax credits and R&D incentives coming in second.

"Our survey indicates a significant shift in manufacturing footprint," said MIT professor David Simchi-Levi, founder of the Forum for Supply Chain Innovation, which produced the report. "Of course, the fact that 15.3% of the companies are moving manufacturing closer to market demand and others are considering such a move does not mean the end of manufacturing in low-cost countries. It suggests that we are in the middle of a transformation from a global manufacturing strategy, where the focus is on low-cost countries, to a more regional strategy, where China is for China and perhaps other emerging markets, US (or Mexico and Latin America) is for the Americas and Eastern Europe is for European markets."

The report is titled "U.S. Re-shoring: A Turning Point."