



## 7 Reasons Why We Are Better Than China

Have you ever decided to order a manufactured product from China because you thought the price was much better than anything here in the United States? It may have seemed like a good idea at the time but after countless issues you wish you would have stayed closer to home. What you thought was money saved disappeared when taking into account all of the hidden costs of doing business overseas. That is one issue when doing business in China. Here are seven more.....

- **Customer Service:** We pride ourselves on our ability to give our customers the best possible experience when dealing with Classic Sheet Metal. Whether it is working closely with engineers to determine the most efficient way to fabricate a part, showing up on site to determine the root cause of a defect, or our ability to catch possible problems before they arise (and if something does arise we are able to fix it in the most efficient way possible). Customer service is our number one priority. The same cannot be said about our Chinese counterparts. One of the biggest issues with manufacturing in China is customer service. There is no recourse for the defects produced and shipped.
- **Delivery:** One of the most important aspects for any purchasing department is delivery. Every company in this industry needs to hit specific deadlines in order to be successful, so working with suppliers who have flexibility is a huge benefit. At Classic we are able to expedite a job to meet a tight deadline or hold a job for a customer to compensate for mistakes in scheduling. Working with manufactures in China is much different. A date is provided and that is final. Also, the process of shipping an order across the world can cause unexpected delays, which could eventually hinder deadlines.
- **Shipping Cost:** Another factor that gets over-looked when comparing manufacturing costs is the cost of shipping a product across the world versus shipping within the US. The US Department of Commerce states that shipping one 20ft container from Asia to California costs upwards of \$4000. On average it costs Classic around \$700 to ship a full load to any of our customers. If you figure the difference in shipping costs into the final cost, our pricing becomes very competitive. This is especially true because the size of one full load in a truck equals about two 20ft containers.
- **Quality:** One of the main reasons Classic is beginning to see the re-shoring of some products back to the US is because of quality. Making a quality product is one of the main goals for Classic Sheet Metal. Our quality system is precisely managed under the ISO 2008 standard. This standard **guarantees** that the necessary processes are in place to produce a quality product under any circumstances. In China, companies are not held to as high of a quality standard. Having little to no quality system results in a large defects or fallout, which in turn creates hidden costs. Also, companies in the US are responsible by

law to rectify disagreements. It is a very different story when dealing with a company overseas.

- **Communication Barriers:** There have been some improvements to communication between foreign and domestic companies. For instance, foreign companies will hire people who are native to the specific region where business is desired so they can clearly translate and communicate. Even with this process in place, many problems still arise. Important items can very easily get lost in translation or not be communicated properly because most of the business is through Email. Another barrier that causes problems in communication is the time difference. If a problem that needs immediate attention arises in the US might not be answered until the next morning because the schedule differences. We have the ability to resolve any possible issues with immediate correspondence.
- **Wage Compression:** One of the main reasons China is able to manufacture at a lower cost than America is because of the low cost of living and low wages. This advantage for China is slowly disappearing and leveling out with other higher wage countries. The overall Chinese economy is improving which in turn is forcing businesses to increase wages to obtain and keep the best talent. China's average hourly wage is projected to increase about 10% in the next couple years. The US average hourly wage is projected to only raise about 2%. An improving economy would normally be perceived as a positive but in this case it is hurting the Chinese's ability to keep pace as the lowest-cost option.
- **Energy Costs:** Having a manufacturing plant physically in the U.S. over China does have some advantages as well. One of those advantages is the cost of energy to run the factory. The main reason for this advantage is fracking, which significantly drives down the cost of the cost of oil and gas (huge for steel and aluminum industries). The U.S. has an extensive lead on any other county in the fracking industry. We have about ten times the amount of wells than the next best county. Also, another advantage we have over other countries is our electricity costs. The Boston Consulting Group calculates the U.S. industrial electricity prices at 30 – 50% less than other major exporters.

The United States has fallen behind in the eyes of many people in regards to manufacturing. If you take a deeper look into the situation, then you will realize that we are the best choice for your project. When you take into account ALL aspects including customer service, delivery and quality we are far beyond our competitors in China. So the next time you are thinking about placing an order with a manufacturing company in China, please remember there is much more to the story than just the price on the purchase order.

**Call Classic Sheet Metal Today: (866) 918-0995**