



Discovery Decision Delivery



Take your first steps to realising growth potential by making outsourcing part of your manufacturing strategy.

This guide details every stage of the outsourcing procedure.

We call it the 3D process.





What is the 3D process?

Through a combination of extensive engineering and production capabilities, PP Control & Automation design an outsourcing solution that delivers based on your specified requirements and strategies.

It is worth noting however, that there should always be a process of consideration when selecting the right outsourcing partner and understanding how that partner delivers against your requirements.

That's why PP C&A introduced the 3D process. It clearly defines the whole journey into three specific stages: **Discovery**, **Decision**, **Delivery**.

This guide advises in detail on each of those stages.

Let the discovery stage begin...



Stage 1

Discovery



QUICK VIEW

The discovery stage simply asks...
is outsourcing right for you?

During this stage, you will need to think about your growth constraints, which could be a number of things:

- People
- Space
- Cash (access to finance)
- Risk (attitude towards)

Evaluation of your processes: core vs non-core

In today's competitive global market, lead times are often the critical difference between winning and losing orders.

Ask yourself, which activities do you currently undertake that...

generate profit? and which drain profit?

Invest in what you do best and delegate non-core processes to organisations that specialise in those areas. This is how you create a competitive advantage and combine production agility with increased efficiency. Work with partners whom can provide higher added value solutions that both increase your capacity and reduce your production build times and consequently reduce your sales lead times to your customers.



PPC&A's engineering & production capabilities can be combined to deliver the perfect outsourcing solution.

The typical barriers to growth

Let's look at three core areas of growth constraint, assuming the available market is not one of them.

People

Is the number of skilled workers available hindering growth? There are often training requirements that can't easily be fulfilled or an ageing workforce pre-empting an imminent skills shortage and the associated loss of key tacit knowledge. There are times when the use of temporary labour or subcontractors may provide short term relief, but rarely is this a longer term strategic solution. An outsourcing partner should have the skills, capabilities and resource to eliminate this constraint for you, allowing your personnel to focus on the key value add activities in your organisation.

Space

Physical space, whether dedicated to production itself or inventory and WIP storage, will no doubt become a constraint for growth. The key decision has to be made with respect to investing significant sums of money into extensions and or new/additional facilities. However, with the right outsourcing partner supporting part of the manufacturing processes, takt times through your factory will naturally improve, increasing capacity with no additional space requirement.

Finance & risk

Whether recruiting additional employees, extending current facilities or considering new premises – all of the above require significant investment and leads to overheads increasing accordingly. Depending on access to finance, the attitude and level of risk in the organisation and the longevity and security of market demand, then it is clear why this could present a constraint to growth. By working with an outsourcing partner you should be able to seize additional market share without having to make all of this investment yourself. Ultimately, by having an outsourcing partner, you are outsourcing risk.

Before we move on to the decision stage, we'll outline the real business benefits of outsourcing overleaf.



Strategic outsourcing and the real business benefits


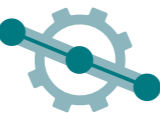













PP C&A is perfectly positioned as leaders in strategic outsourcing to some of the world's largest OEMs to support your production requirements and take ownership of the supply chain.

When you're looking to grow, but barriers are ever-present, PP C&A get to the root of the problem and unlock your true potential.

Growth, after all, is still the fastest way to profitability.



Unlocking growth potential is often the result of several wider benefits of outsourcing.

 <p>Optimise costs associated with manufacturing and related overheads</p>	 <p>Reduction in total manufacturing costs</p>	 <p>Reduces the financial risk and exposure, especially in markets where demand can change quickly</p>
 <p>Elimination of unnecessary stock and reduction of Work In Progress (WIP)</p>	 <p>Improves cash flow</p>	 <p>Improves manufacturing lead times</p>
 <p>Flexible and responsive production to the typical 'peaks and troughs' of demand</p>	 <p>Provides an extension to your own engineering, supply chain and production support capabilities</p>	 <p>Reduces the need for costly sub-contract labour at busy times</p>
 <p>Reduces the likelihood of redundancies during quiet times</p>	 <p>Improve speed to market and enables greater scalability</p>	 <p>The faster the machine development, production readiness and commercialisation, the faster that revenue stream can be delivered</p>
 <p>Access to highly skilled and trained workforce</p>	 <p>Creates a fixed cost of ownership</p>	 <p>Provides you with price stability</p>



Stage 2

Decision



QUICK VIEW

You may have decided that outsourcing is the right choice for you, *but how do you decide on the right partner?*

This is the decision stage and there are a number of considerations that mustn't be ignored when making your choice.

How do you choose the right partner? Here are some things to consider about your outsourcing partner:

- Capability
- Financial security
- Size & capacity
- Experience
- Supply chain skills
- Innovation
- Approvals
- Location

Keep reading for more detail on each consideration and let us help you make your decision.



Making your decision

Can the outsourcing partner offer you something different?

Capability

Do they have the expertise, people, skills and plant/automation to improve the production process, boost quality and help develop designs in the future?

Financial security

The last thing you want to do is develop a strategic partnership with a company that is financially weak. Do credit checks, look at accounts and ownership structure.

Consider the complexity and scale of your outsourcing needs, not just for today but for the mid to longer term.

Size & capacity

Ensure that you would not represent either too large or too small a part of that company's sales revenue. It is important to be relevant but not at the expense of joint risk. Does the outsourcing partner have the resource and capacity to support your needs not just today but also in the future?





Experience

Look at who they are working with now and which manufacturers and markets they are involved in. You can tell a lot, very quickly, from the quality and standing of existing customers. Equally, do they work with one of your close competitors? This may raise a question of ethics, or at least 'unease.'

Supply Chain Skills

For outsourcing to deliver the maximum benefit, then the activities associated with purchasing and supply chain management should be included.

The outsourcing partner should have the capabilities and skills to inherit, manage and develop the associated supply chain. If you still must manage parts of it and the associated costs of purchasing/logistics that go with it, then you are not going to see the true benefits.

Innovation

Does the outsourcing partner have the types of engineering skills and innovation to help you develop your products and services?

Skills, such as design for manufacture, should be strong and you should expect them to play a big part in improving the product from a technical and commercial perspective.

Approvals

Outside of the obvious ISO approvals, do you require any specific approvals relevant to an industry sector or for a given export geography, such as UL/CSA for the US or Canadian markets?

Location

Asia and Eastern Europe, as well as other low-cost geographies, have held appeal for certain outsourcing services, particularly those that are labour intensive such as machining and casting.

Again, consider the true cost of the relationship, including lead times, agility, and risk, including the need to retain design IP (a challenge often seen in Asia).

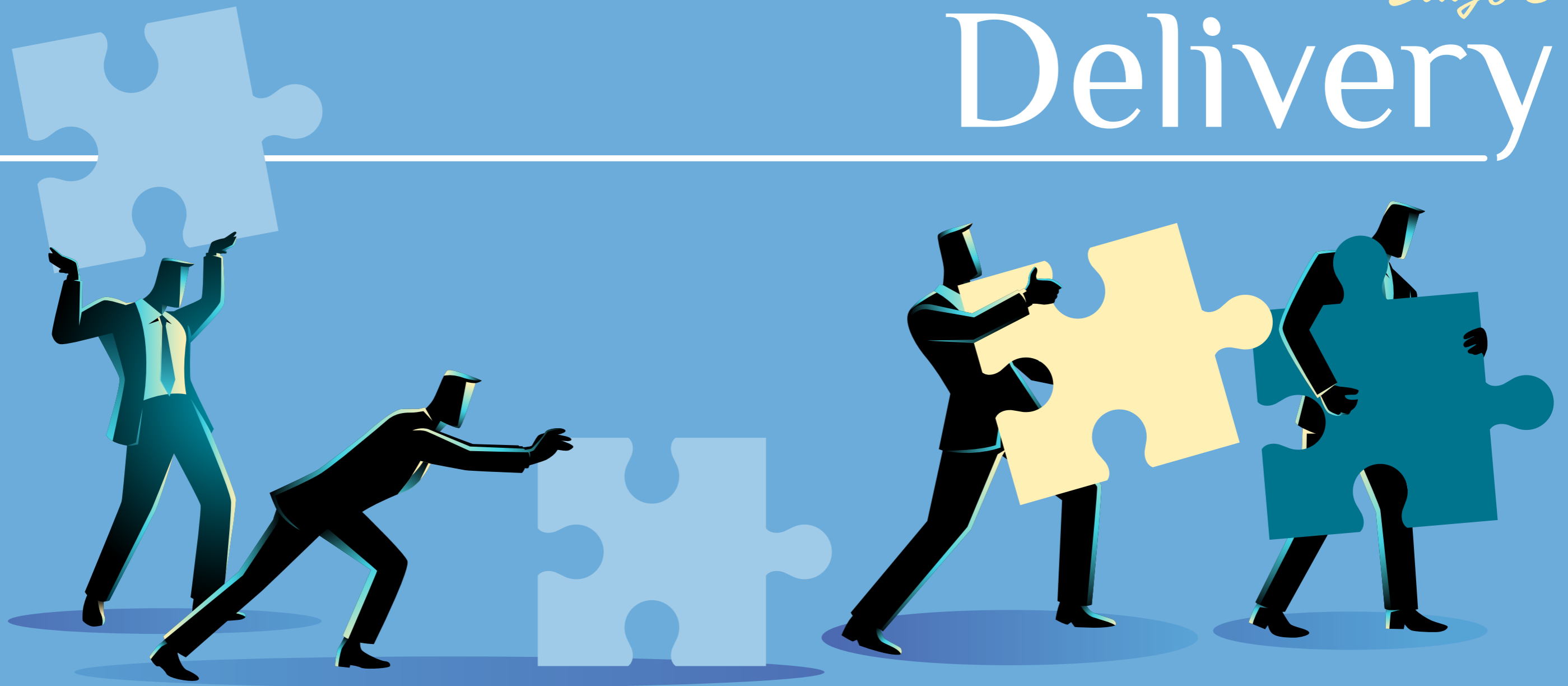
Many companies have recognised the escalating costs, political unrest and other risks associated with managing a long-distance supply chain, resulting in identifying partners that are more local to them. This can also support the need for local content legislation when exporting and minimise the effect of tariffs.

Location is important, and the current trend in the UK has been reshoring of outsourcing activities to partners closer to home.



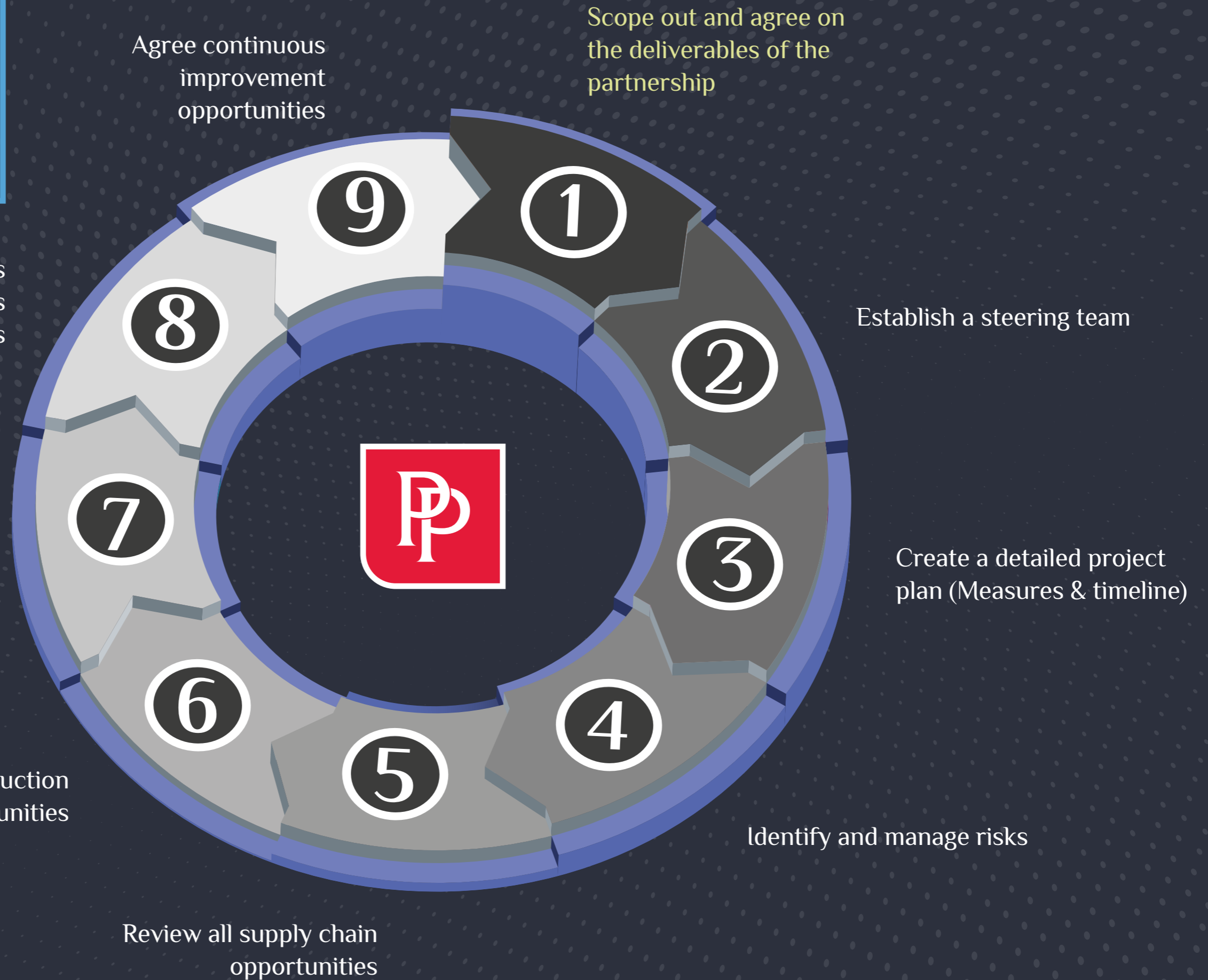
Stage 3

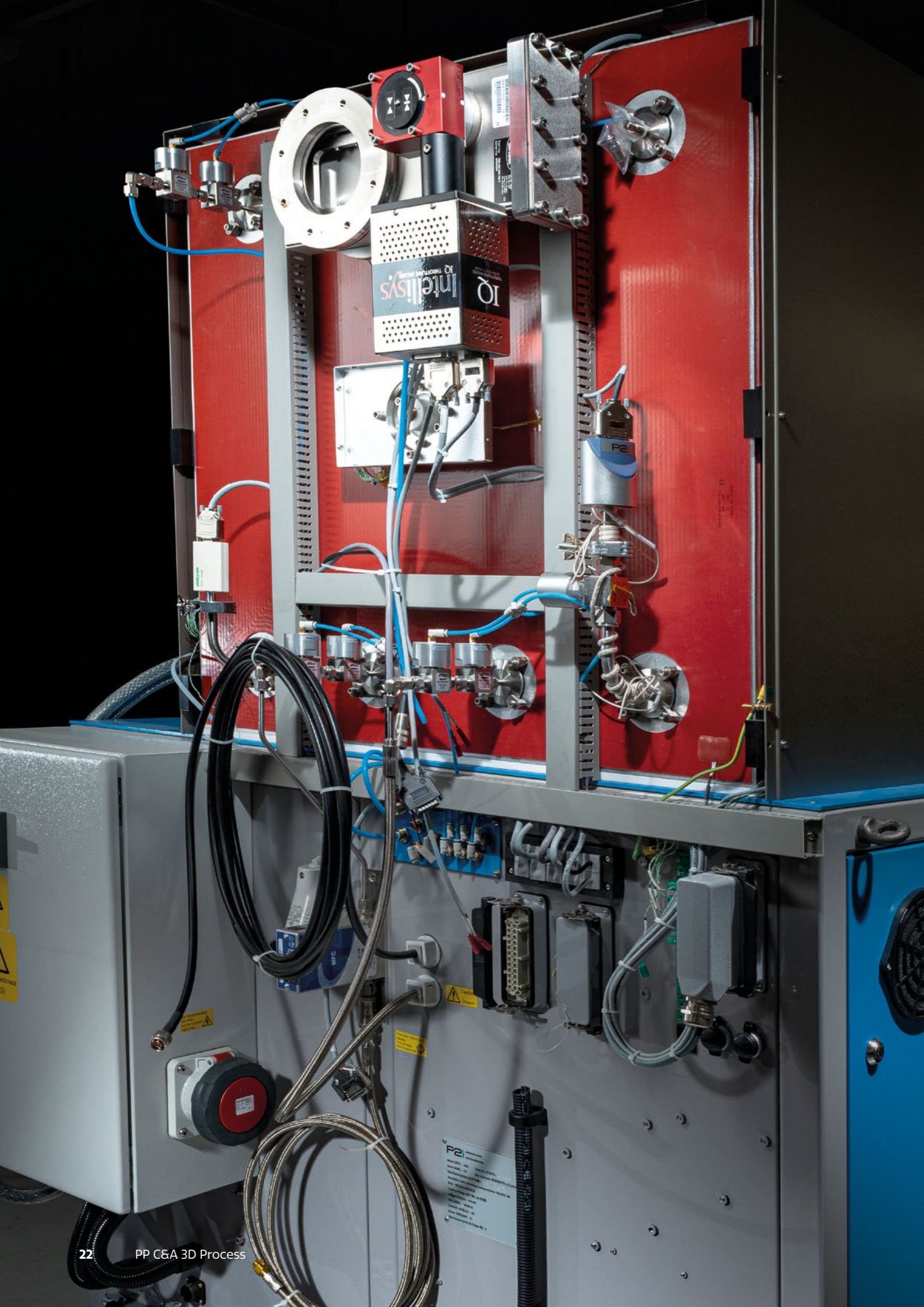
Delivery



The final stage of the 3D process is Delivery – in other words, “**what is delivered and when**” once the decision is made to outsource.

This part of the process will differ depending on your chosen partner, but PP C&A's approach is a stage-gate flow of nine segments.





Identify and manage risks

The project plan will help identify any key areas of risk that need close management and indeed any mitigation strategies that may be required.

Review all supply chain opportunities

An important portion of the overall outsourcing delivery stage is the ability to take on supply chain ownership and manage the exercise for you. With a full review of all opportunities, the result will be a streamlined supply chain, improving efficiencies and associated costs at the same time.

This stage is an important process and not to be overlooked or undervalued, as the very tangible opportunities will positively impact the commercial benefit for the customer.

Agree production engineering opportunities

A combination of production and value engineering opportunities will have been discussed in detail.

Combining 'design for manufacture' experience with the customer's own intimate engineering knowledge of their products and processes, PP C&A will explore ways in which it can positively affect the outcome, considering areas of standardisation, option configuration, connectivity solutions and indeed any areas that could result in a technical, commercial or process gain for the customer.

Scope out and agree on the deliverables of the partnership

The initial stage of delivery is a clear agreement of expectations on both sides, what is expected to be delivered, what the end result will achieve for the customer and any key measures along the way.

Establish a steering team

A cross functional team from both organisations will be created that possess the skills needed and to take on the collective accountability of delivering against the scope of the plan.

PP C&A will assist and assure you every step of the way.

Create a detailed project plan

A detailed project plan will be drawn up with clear milestone dates, actions and responsibilities. Plans can always change (and often do), but PP C&A will closely manage the detail to ensure no unexpected (and unwelcome) surprises.



Work through relevant NPI, pre-production and production volume strategies & timelines

The speed, efficiency and the overall result of the outsourcing process requires a disciplined approach from start to finish, through knowledge gained from an engineering NPI build, pre-production builds as required, customer sign-off and production release.

PP C&A will share all information with the customer in a transparent manner and work collaboratively in order to gain the best possible results. This is where engineering, supply chain and production disciplines within the collaborative project team will iron-out the finer details together.

Measure deliverables against original objectives to ensure success

With an outsourcing strategy implemented and production underway, it is key to be keeping a very close eye on deliverables and especially how the plan is performing against its original objectives.

Was the brief met, on time, on cost and to the total satisfaction of all stakeholders?

When opportunities arise for improvements, efficiencies, and cost savings, PP C&A will pro-actively share these with you for consideration.

PP C&A has a proven track record of working with many of the world's leading OEMs and understands the importance of managing the detail.

Agree continuous improvement opportunities

Even when the program is complete, PP C&A is a firm believer in never standing still. The business' very foundations are built on a culture of continuous improvement and that approach is integrated into every customer project.





IN SUMMARY

An increasing number of OEMs are choosing strategic outsourcing as part of an overall production and supply chain strategy.

Partnering with a strategic outsourcing specialist allows you to delegate non-core activities and gain the bandwidth you need to focus on your own core business competencies: product innovation, research & development and sales & marketing to name but a few.

Your focus is on growing sales revenue and market share. PP C&A share this focus with you. By working together in a collaborative manner, strategies that deliver measurable success will be developed for you.

A comprehensive outsourcing solution is a strategic enabler to growth and success.



Since 1967, PP Control & Automation has grown to be one of the world's leading providers of strategic outsourcing solutions.

PP C&A looks to adopt a consultative approach when engaging with customers, looking first to fully understand and appreciate potential areas of constraint and 'business pain', before designing a manufacturing solution that delivers specific remedies based on your individual needs. The solution PP C&A offers is able to deliver significant and measurable results.



**STRATEGIC
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**CONTROL &
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**CONTRACT
MANUFACTURING**



Control & Automation

Complete manufacturing solutions

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