



Hunter Cable Assembly Ltd

a specialist manufacturer and distributor of

cable assemblies, wiring looms, cable harnesses, box builds and connectors

Why Outsource Your Cable Assembly?

The worldwide electronics manufacturing services (EMS) market declined by 8.3 percent in 2009, however a global report from New Venture Research (NVR), *The Worldwide Electronics Manufacturing Services Market*, published at the end of 2010, when complete figures were not yet available, claimed that the EMS market resumed growth in 2010, with the outsourcing of electronics manufacturing taking centre stage.

The total electronics assembly market value was estimated at \$891 billion in 2009 and is set to grow to over \$1.4 trillion by 2014. With such anticipated growth in electrical manufacturing likely to occur in the next few years, outsourcing vital operations, such as cable assembly, is set to become increasingly important as the industry expands.

In this White Paper we will look at why companies should look to outsource their cable assembly operations, analysing the positives such a method will have on their overall business.

We will also look at why outsourcing cable assembly to cheaper overseas labour markets is not always the best solution.

Why Outsource Cable Assembly?

Many manufacturers choose to outsource their cable assembly. There are many benefits to outsourcing cable assembly, some of which we outline below.

Save Staff Time

Outsourcing intricate and time consuming cable assembly operations to an external company allows manufacturers to reduce staff time and capital spent on these processes so they can be spent elsewhere on new business development.

Research has shown that companies that do everything in house have much higher costs, which more often than not are passed on to customers. Can you afford to have your company less competitive?

Cut Costs

As any business book will tell you, outsourcing gives your business the ability to convert fixed costs into variable ones, so that you can invest business capital elsewhere. Outsourcing your cable assembly to a trusted, recognised expert in the field will mean that you can reduce staff costs so that you can again concentrate your business on core processes.



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Hit the Ground Running

Outsourcing your cable assembly operation means that you will more than likely be able to launch new projects faster. Instead of training staff and having to conduct time consuming liaison with numerous in house departments, outsourcing means you can push through from design to deliverability far more efficiently.

If your core business is not cable assembly, but, for example, manufacturing electrical goods or even product design, outsourcing cable assembly - when you have a reliable company that you know you can trust to carry out the best cable assembly job possible - allows you to concentrate on your core business more thoroughly.

Reduce Risk

As the above points mention, outsourcing your cable assembly reduces costs and time, while also giving you more opportunities to concentrate on core business activities. Outsourcing also reduces your risk; instead of investing in expensive machinery, training and staff, you can simply hire another company to do the work for you.

Things to Look for When Choosing a Cable Assembly Company

There are many things to consider when choosing a company to provide you with cable assembly expertise. While costs are always a consideration when outsourcing and choosing external companies, other factors, particularly for global operations, need to be taken into account, too. Some of these are listed below.

Global vs Local:

Outsourcing abroad is typical in the electronics manufacturing industry, with countries such as China and other Asian countries popular outsourcing locations for all major electrical manufacturers worldwide. But when it comes to outsourcing complex cable assemblies, overseas operations are not always the best option. Issues to think about include:

- **Language Barriers:** Even though many outsourcing operations have English speaking staff, this is not their first language in most instances and the majority of staff will not speak English at all, making it highly possible that complex instructions are lost in translation. Dialogue over the phone or email could also be more strained that need be because of the language issue, making communication more difficult. As industry veterans will be able to tell you, in the electrical manufacturing industry communication gaps have a habit of becoming costly liabilities.



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- **Time Difference:** To compound a poor communication dialogue, time differences between Continents can add to the problem of communication and lead to operational headaches for your staff and company.
- **Speed of Delivery:** Outsourcing to Asia can be price-competitive, but lead times can be considerable when outsourcing electrical manufacturing. Take into consideration potential delays in shipping too and a long lead time could become an expensive eternity left waiting for delivery.
- **Short Runs:** If you are buying bulk and can wait for delivery, Asia could be the best price competitive option for you. If not, with many manufacturers looking for shorter runs, returned quickly, then outsourcing to Asia is not the best option.

The Benefit of a Domestic Outsourced Cable Assembly Operation Based

Many of the problems associated with outsourcing overseas can be taken care of by outsourcing domestically. This means that your company will receive all the benefits of outsourcing, with none of the negatives associated with overseas outsourcing.

Just some of the benefits of outsourcing to a domestic company include: the ability to meet face-to-face with the company you are doing business with; you can visit their operation and meet with English speaking engineers and, crucially, get a feel for how they do business to see if they are right for your requirements.

One of the additional benefits of outsourcing to a domestic company is that they will also be fully aware of any compliance legislation necessary when undertaking the work, such as the EU's Restriction of Hazardous Substances Directive (RoHS Directive) and any other manufacturing guidelines necessary to follow.

Conclusion

Outsourcing your cable assembly operation is an obvious choice for electrical manufacturers looking to save time and money, however, as this White Paper shows, outsourcing to Asia on the basis of price alone, can and does cause innumerable additional problems, too. Outsourcing domestically, to a company with experience in cable assembly is the best solution for the vast majority of cable assembly operations.

Hunter Cable Assembly Ltd, based in Berkshire, UK, has been manufacturing cable assemblies for over 30 years and with production facilities in the UK and is able to provide a complete service from design, drawing, prototyping through to full production volume. For more information visit: www.hcal.co.uk