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The “offshoring” of U.S. manufacturing has been going on for years, with China being a major job destination. What’s relatively new is the increased talk about “onshoring” or “reshoring” production back to the U.S.

When I read about companies choosing to offshore (or even onshore), I wonder about their “strategic intent.” Are their decisions based on point-in-time inputs or a longer-term view? Those focused on chasing the lowest cost in the world are often disappointed to learn that many, if not all, of the key inputs change dramatically over time. In China, for example, a strengthened RMB, however slight, has substantially changed the economics of manufacturing over the past two years. Other factors, including rising costs for labor and logistics, intellectual-property protection and lengthy times to market—*not to mention the operational challenges of managing a business far from home*—have all had an impact on manufacturing in this key region.

Companies with a more strategic view—*i.e., the intent to manage cost structure in balance with serving customers locally*—have been more successful with offshoring initiatives. Not every organization, however, has the luxury of maintaining this balance. Due to competitive pressures and/or other demands, many must focus solely on lower production costs. Thus, we shouldn’t be surprised that the economic tides now seem to be turning away from China and toward other regions, including the U.S. After all, the U.S. has one of the most sophisticated business infrastructures in the world and one of the most productive.

If—*as it appears*—reshoring is for real, there will be even more pressure to find and develop key talent from what has become, for various reasons, a diminishing pool of individuals interested in such careers: Much of the U.S. future in manufacturing depends on our ability to replenish our aging workforce with well-trained, younger talent without compromising our

productivity advantage.

At Waukesha, our focus has been to continue strengthening our higher-cost manufacturing bases in the U.S. and U.K. (home to our largest facilities) with investments in information technology, more productive machine tools and training. At the same time, we are selectively investing in manufacturing capability in emerging regions. Our overall objective is to operate in our customers' space and time if value is created in terms of product definition, speed to market, competitive cost structure or other criteria. We hope this balance will pay dividends for our customers, employees and stakeholders over the long term. **MT**