

THE WALL STREET JOURNAL.

SMALL U.S. MANUFACTURERS STRUGGLE TO BRING JOBS BACK HOME

Such companies can't always attract top talent or find U.S. suppliers that meet their needs

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April 13, 2017

GAM Enterprises Inc., a manufacturer of precision mechanical components used in factory automation, began moving operations back to the U.S. from Germany three years ago to hold on to customers frustrated by long lead times and shipping delays.

The move, or "reshoring," also helped the Mount Prospect, Ill., company woo new business in its local market. GAM doubled its workforce to 30 employees and now makes more than half its components domestically, up from 11 percent four years ago.

"We can provide a very high level of customer service that we couldn't do before," said Craig Van den Avont, GAM's president.

It wasn't easy. Bringing its manufacturing back to the U.S. cost GAM nearly \$4 million and required technical and financial assistance from Illinois and the U.S. Commerce Department's Manufacturing Extension Partnership. The company hired a headhunter for the first time in its 26-year history, after struggling to find a machinist who could operate new small-batch production technology. Even then, the new hire required months of on-the-job training.

Other companies may encounter similar hurdles as they weigh the pros and cons of producing their goods in the U.S. again, or in some cases for the first time, [amid pressure](#) from President Donald Trump and the potential for a [border-adjusted tax](#) that would penalize importers. For smaller firms, a "Made in the U.S.A." label can add marketing cachet and strengthen ties to suppliers and customers as demands for quick delivery escalate.

But small firms also face particular hurdles. They typically operate with modest cash reserves and can't always attract top talent or find U.S. suppliers that meet their specifications. Reshoring challenges are especially pronounced for small businesses in sectors where the U.S. ecosystem of manufacturers, suppliers and skilled workers has largely disappeared.

"The smaller companies don't have the margin for making errors that a big company would have," said Jim Barnes, executive managing director for the training arm of the Institute for Supply Management, a Tempe, Ariz.-based trade group. "They have a lot working against them."

Still, the number of firms taking a look at reshoring is growing. Nearly 70 percent of U.S. and European manufacturing and distribution companies said that they were considering moving production closer to their homes, according to a 2016 survey by the consulting firm

AlixPartners LLP. That is up from 40 percent in 2015, according to the survey, which included responses from 107 small, midsize and large companies.

The U.S. talent shortage is apparent in sectors such as textiles, where production of raw materials began moving offshore roughly two decades ago. Eugene Alletto, chief executive of Farmingdale, N.Y.-based Bedgear LLC, routinely travels to North Carolina State University in Raleigh, one of the few U.S. schools that has expertise in textile engineering.

"In India, China and Pakistan, there are still tons of students graduating with skills in how to create constructions of fabric for specific needs and desires," said Mr. Alletto, whose company makes pillows, mattresses and other bedding. Many of the U.S. workers the company hires, "have either never sewed before or never manufactured pillows," he said.

Mr. Alletto designed much of Bedgear's manufacturing equipment and set up a mini-sewing school at the company's factory in Rock Hill, S.C., where new hires train at four workstations designed to mimic a production line. Bedgear, which has about 200 employees, buys foam and springs in the U.S., but still imports most of its yarn and high-performance textiles from Asia.

Other firms have also found that there are limits to what can be bought from American suppliers.

Mobile Outfitters, which sells cellphone accessories, produces most of its screen protectors in-house or under contract with U.S. manufacturers. But the Philadelphia company, which has 18 employees, hasn't been able to make some products domestically because of complexity, such as an ultrathin bumper that it imports from South Korea.

"Cost is not our issue, it is purely the complexity. We spent six months talking to U.S. manufacturers, all who told us what we're trying to accomplish 'is not possible,'" said co-founder Eric Griffin, who expects to sell 250,000 of them this year. "We looked overseas and got this beautiful product that has everything we wanted."

ElliptiGO Inc. had frames for the prototypes of its elliptical bicycles fabricated in the U.S., but most of the 300 or so parts used to build a single cycle are made in Asia. That makes reshoring out of the question for the Solana Beach, Calif., company, which works with a factory in Taiwan that sources parts from throughout Southeast Asia.

"There is a healthy bicycle industry in the U.S.," said CEO Bryan Pate. "But the bicycle manufacturing industry is centered in Asia."

Reshoring can be easier to pull off in industries where the U.S. network of suppliers and workers remains strong.

Horst Engineering & Manufacturing Co., an East Hartford, Conn., maker of precision machine components, shut down a nine-year-old facility in Mexico two years ago and opened a new, 16,000-square-foot one in nearby South Windsor. Now located 4 miles from its two older plants and within 30 minutes of most of the company's main suppliers, "it definitely reduces the complexity of our business," said Arthur Roti, general manager of the 71-year-old family-run business. "That supply chain doesn't exist in Mexico."