

Strategic Sourcing

Non-Chinese Product vs. Chinese Product

Challenge

Issues with the break-down of critical parts sourced by Chinese manufacturers have led to slow down, work stoppage, and overall non-trust of the manufacturers.

Analysis

APF did a deep dive analysis of material both globally and excluding Chinese finished items. The details of pricing and availability were determined by our strategic supply chain group along with our partners over-seas.

Recommendation

When it comes to sourcing product the solution is not to alienate by country or origin but to thoroughly vet the individual manufacturers. Correctly vetted manufacturers and quality tested product from China can be a good and cost-effective solution.



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Analysis

Chinese Vs. Non-Chinese Sourcing.

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1. APF found 9% of items were significantly impacted by the non-Chinese initiative
2. 91% of items are currently readily available
3. APF cannot guarantee readily available non-Chinese material without long term commitment
4. Lead time on competitive non-Chinese material would be 3-6 months, however lead time depends on material availability at time of order.
5. Price on competitive non-Chinese material cannot be guaranteed from originating quote date until time of order.

Recommendation

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Below are 3 options in regards to sourcing product.

1. **Our Customer** can place orders with long lead time for "X" number of towers and accept the higher prices on 9% of the items that we could not locate readily available material with a non-Chinese COO.
2. APF can create a stocking agreement so we can globally source significant cost items with long lead times. With agreement in place, APF can better source material and account for longer lead times from non-Chinese country of origin.
3. **Our Customer** accepts Chinese sourced material on the 9% of the items and we set those items up for each lot to be re-qualified by APF at time of receipt.



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