



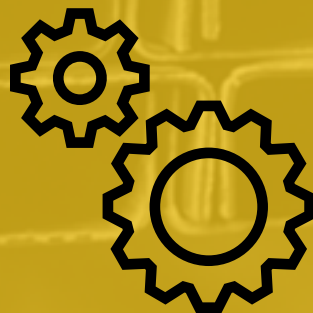
7 Primary **MANUFACTURING STRUGGLES** of OEMs

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No matter the size or the industry of an Original Equipment Manufacturer (OEM), there are overlapping challenges in manufacturing processes across the board. Juggling all of these hurdles at once can feel overwhelming for business owners.

OEM manufacturing must adapt to meet these challenges as technologies change and new manufacturing methodologies are introduced. The industry is quickly reaching a point where traditional approaches to manufacturing are no longer acceptable in the contemporary market.



For OEMs, adaptation, flexibility and open-mindedness are crucial to success. This guide details seven of the main challenges that confront OEMs today:



1. Attracting, Training and Retaining Employees

The struggles of manufacturers to hire the right talent, especially younger talent, are well-documented.

New technologies and machinery demand a higher level of technological savvy at the operator level. The younger generation, millennials specifically, aren't always stepping up to replace older workers, buying into negative perceptions of available jobs. Even more problematic, manufacturing remains male-centric and fails to attract women to the point that [less than 10 percent of females place manufacturing in their top five potential career choices](#).

Manufacturers are working to improve working conditions and facility aesthetics to put away poor perceptions. Others are actively marketing jobs to women and younger talent. Even with these conscious efforts to improve, there's considerable progress needed for OEM manufacturing to thrive in the near future.



2. Maximizing Work Capacity

Maximizing work capacity or even having the proper capacity to suit shifts in demand is a never-ending challenge for OEMs.

Personnel, scheduling, equipment, inventory and space are all factors that must be monitored constantly to reach an optimal capacity without drowning in overhead costs. Modern OEMs and metal fabricators can't afford to avoid forecasting software or continue with manual processes for learning and disseminating important data.



3. Balancing and Managing Outsourcing

Outsourcing metal fabrication is common these days and the trend is rising.

Still, there is some apprehension towards outsourcing too much for many OEMs. A lack of control over manufacturing processes can lead to tension and, if the wrong partner(s) is selected, failures in quality, throughput or timeliness can wreck an OEM in the long term. OEMs have an obligation to set up a team, if resources allow, to manage outsourcing and to develop relationships with partners. Outsourcers are an extension of an OEM's manufacturing process and this requires oversight (though not necessarily micro-management).

Depending on the size and industry of an OEM, the full gamut of contract manufacturers might not be in the running for your business. Make sure the contract manufacturers you hire are genuinely interested in your business. There are many benefits to outsourcing, but don't succumb to common pitfalls.



4. Investing in Capital Equipment and Equipment Maintenance

Updating and maintaining capital equipment is costly. This is truer if OEMs invest in the necessary equipment to execute their own prototyping.

Not only is the upfront investment in the equipment burdensome, but so is the time investment for operators to learn the new machine and associated processes. If an OEM's business is cyclical, unused equipment and maintenance costs are simply wasted money and overhead. The pains and costs of keeping equipment up-to-date is among the main reasons OEMs choose to outsource metal fabrication.



5. Optimization and Cost/Margin Pressure

There is constant pressure to make a part at a higher quality and a lower price at once.

Producing more product with the same amount of personnel and equipment is a common goal for all OEMs, but can often seem unfeasible. [Loosening dimensional tolerances](#) (tighter tolerances are more expensive), resourceful usage of sheet metal inventory, using less material overall and finding more efficient work flows for operators are optimization methods OEMs and contract manufacturers alike must use. The scale of planning required to do this is beyond the capability of some.



6. Adapting to New Technologies

At a high level, it's a missed opportunity if you don't have digitized capacity planning, inventory management and project management.

[Digitized capacity planning](#) allows metal fabricators and OEMs alike to accurately forecast the size and scope of future projects they can handle within reason. Digital project management not only allows operators and department heads to know their tasks instantly, but they can quickly communicate any constraints they're facing. Services are also becoming increasingly automated, demanding a different skill set from operators.



7. Managing the Supply Chain and Inventory

Managing a manufacturing supply chain is challenging. The variation in product demand, delayed response times, poor collaboration with partners and the quality of work from suppliers all contributes to complications in delivering a quality final product on time and on budget.

Metal fabricators are trending towards consolidating services while integrating both vertically and horizontally to put OEMs more at ease.

Contracts with multi-service metal fabricators and contract manufacturers must include terms for inventory control, shipping, quality control and level of service. OEMs will often have cyclical peak seasons. Unused inventory, equipment and space is essentially a money pit. Solving supply chain issues is more than managing inventory. Rather, it is more about effective communication with partners and suppliers instead of putting out roaring fires as they happen.

The Importance of Finding the Right Contract Manufacturer

In many respects, multi-industry metal fabricators face many of the same challenges that OEMs endure. While outsourcing management shouldn't be taken lightly, there's much to gain with selecting the right metal fabrication partner for your business.

An excellent metal fabricator will take on much of the supply chain burden, increase an OEM's capacity, natively hire well-trained operators, and have steps in place to optimize the manufacturing of individual parts.

Through a wider industry portfolio and the cross-pollination of industry best practices, a quality metal fabricator can allow an OEM to focus on what matters — the final assembly, Q/C and delivery of the finished product.

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