



## Economic Development Program

The Reshoring Initiative recommends the high impact-minimal cost economic development program outlined below and is seeking regions interested in developing this opportunity.

### Focused Reshoring Program:

Substitute local production for products and components currently imported to the region from offshore. A package is available from the [Reshoring Initiative](#) and [Datamyne](#) to help EDOs (Economic Development Organizations) bring back offshored work:

#### 1. Description:

- a. Use the Datamyne database to identify all ocean freighted imports by all regional companies, generally OEMs.
- b. Decide which imports are, in aggregate, in large volume and could be economically produced in the region: in-house or suppliers (generally SMEs).  
For example:
  - 1) Exclude: produce that cannot be grown locally; items that are intrinsically too labor-intensive, e.g. hand painted Christmas tree ornaments; minerals that cannot be found locally.
  - 2) Emphasize those products for which the region has the required suppliers or skilled labor, even if not in excess.
- c. Ask the importers to consider producing or sourcing locally what they now import. The importers will say they do not produce or source locally because prices are much lower (typically 30%) offshore. They might also mention taxes, regulations, etc.
- d. Educate the involved importers with the Reshoring Initiative's free [Total Cost of Ownership \(TCO\) Estimator](#) to reevaluate offshoring vs. reshoring. For example:
  - 1) The Initiative trains the EDO's field staff to discuss with the importer and trains a few EDO staff to be the local experts. The local experts call on the Initiative for help if needed.
  - 2) The Initiative presents at Reshoring Summits to engage the importers and suppliers and visits key importers to accelerate the process.
- e. Help the importers see that there is often no or only a small TCO difference with local production or sourcing.
- f. If the importer has lost the knowledge required to produce the products, assemble a team to help them redevelop that knowledge. See item 1h.

- g. For work that the importer decides to outsource, bring importers and suppliers together in a Purchasing Fair to start the shift of work from offshore. Our user data suggests that about 25% of offshored work would come back if TCO is consistently used.
- h. Identify any remaining TCO gaps vs. offshore. To close remaining small gaps, utilize a team, as needed:
  - 1) Automation: e.g. machine tool and automation distributors and producers
  - 2) Workforce technology skills training: technology providers and distributors, trade associations, community colleges
  - 3) Lean and other process improvements: MEP (Manufacturing Extension Partnership), AME (Association for Manufacturing Excellence), etc.
  - 4) Economic Development assistance: EDOs.
- i. Recruit new facilities by other U.S. companies or FDI (Foreign Direct Investment) to fill large regional supply gaps.
- j. Using the TCO software, forecast when additional work will be reshorable based on forecast increases in foreign labor costs. Follow-up accordingly.
- k. Develop tools to help the importers decide to reshore:
  - 1) Lists of regional or state companies that have successfully reshored.
  - 2) Lists of suppliers to which importers have shifted sourcing.
  - 3) TCO/ Reshoring Initiative.
  - 4) Lists of resources to help reduce Total Cost at importer or supplier.
  - 5) U.S. Dept of Commerce's online [ACETool](#).
  - 6) Free publicity, if wanted.
- 2. Benefits:
  - a. Work comes back from offshore rather than from neighboring states. Much more win/win.
  - b. Minimal incentives, since the work comes back in the self-interest of the involved companies!
  - c. Strengthens local ecosystems around OEMs to make them more successful and more firmly linked to the region.
  - d. Feeds the skilled workforce program by making local reshoring visible to the community.

In all programs, we would be delighted to help make your region the model for the rest of the country.

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