

Onshoring profits and productivity

Onshoring and nearshoring provide manufacturers with streamlined efficiencies and happier customers.

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ShowTex helped bring the fantasy world of Icelandic singer/songwriter Björk to life by using a fine selection of delicate projection fabrics and motion systems, transforming venues from large black boxes into true fairytale scenes. Photo: ShowTex

From pandemic-caused supply chain disruptions and limited freight capacity to increased shipping costs from Asia and trade enforcement actions, there are challenges aplenty for companies that have their manufacturing located overseas. Because of these and other factors, more and more companies are turning their attention to onshoring or at least nearshoring as a way to reduce risks and take their manufacturing to the next level.

“The vibrant Western Hemisphere supply chain provides speed to market, resiliency, strong labor and environmental standards through key free trade agreements; sustainability benefits through the reduction in greenhouse gas emissions; and supply chains free of the forced labor that has more recently been exposed in China,” says Kim Glas, president and CEO of the National Council of Textile Organizations (<https://www.ncto.org/>) (NCTO). “This is a really seminal moment for our industry and that of our Western Hemisphere trade partners. U.S. and regional textile and apparel manufacturers are hungry to increase regional supply chains, production capacity and employment for all industry segments, including advanced textiles.”

Indeed, as a result of an increase in economic pressures over the past few years stemming from the pandemic and supply chain disruptions, textile companies are experiencing a rise in onshoring across the industry.

“The main goal when shifting to onshoring is to increase production speed and reduce time to market, all while improving visibility and increasing the control you have over processes,” says Leonard Marano, president of the Americas at Lectra (<http://lectra.com>), a company that specializes in software and cutting-room systems for industries using soft materials such as leather and textiles.

Marano cited a survey that found 70% of U.S. businesses are looking to bring their production facility closer to American shores; the survey included more than 1,600 business executives in the U.S. and Europe and was done by ABB Robotics and Discrete Automation.

“In the past, one of the main reasons companies chose to offshore production in China was because of the competitive price—which is rapidly changing as China’s producer price inflation is currently at the highest level in nearly 13 years,” Marano says.

In addition to cost-saving measures, onshoring has allowed Lectra’s customers to be more agile and have better control over the quality of their end product.

“Overall, onshoring will allow us to produce inventory of better quality for lower costs, while keeping sustainability at the forefront of our operations—producing the right amount of inventory at the right time, closer to where the product is going to actually be consumed,” Marano explains.



At Lectra’s Experience Center Northeast, clients can view the latest in industry 4.0 cutting solutions, programmed with advanced algorithms, enabling seamless integrations with Lectra’s CAD/CAM solutions for a truly optimized digital workflow. Photo: Lectra

Improving customer satisfaction

In recent years, companies have realized that visibility and traceability are highly valued among consumers. According to a 2020 Fashion Revolution consumer survey, 69% stated they would like to know how their clothes are manufactured, and 74% advocated for fashion brands to publish the factories they use for manufacturing.

Maximizing local manufacturing operations has been a central strategy adopted by ShowTex (<http://ShowTex.com>), which recently expanded to North America. The company specializes in manufacturing and installing innovative flame-retardant drapes, backdrops, curtain tracks, projection screens, glassless mirrors, scrims and accessories to achieve the creative vision of event and entertainment professionals around the world. From 2020 until spring 2022, the ShowTex North American team consisted of local experts in business development, marketing, sales and project management. However, the production and manufacturing operations were located mainly at its branches in Belgium and Dubai.

“Due to the impact of the pandemic, our onshoring process was postponed from early 2020 to spring 2022,” says Thomas Van Lokeren, CEO of ShowTex North America. “However, since then, over a year has passed, and we are pleased with the results, as the majority of our customers’ projects are now being handled locally.”

For the company’s North American team, the benefits of onshoring were mainly focused on customer service. According to Van Lokeren, these include:

- **Reducing lead times:** “The events industry is a fast-paced industry. We aim to offer short lead time, local production teams and seamstresses readily available to support our customers throughout their project timelines,” Van Lokeren says.
- **Cost efficiency:** By minimizing expenses related to transport and import fees, the company aims to keep costs to a minimum. As Van Lokeren explains, although working with local manufacturers and employees may initially appear more expensive, the reduced transportation costs ultimately contribute to lower spending for clients and higher profit margins for ShowTex. This approach allows ShowTex to enhance its customer service as well, as it offers the company faster response times and improved proximity to clients.
- **Local specificity:** Onshoring allows the company to provide specialized expertise that benefits clients’ projects. For example, the electricity requirements for its stage track motors are specific to each region, requiring local engineers who can adapt and tailor the systems accordingly.
- **Eco-friendly practices:** By producing customers’ projects locally as well as working with local manufacturers, ShowTex aims to minimize the environmental impact associated with its products.

Challenges aplenty

Onshoring and nearshoring bring about streamlined efficiencies, but they also can create a set of challenges. For ShowTex, the need to train local employees posed a unique challenge during the initial stages of the company’s onshoring process, as the pandemic was still significantly affecting travel.

“It was difficult for our employees to travel to our other branches or invite ShowTex experts from overseas to train our North American staff,” Van Lokeren explains. “Consequently, the training period extended longer than anticipated.”

In addition, transportation costs and delays have been challenging for the past two years. The company also has faced difficulties regarding the cost of importing raw materials or some specific finished goods from its other branches worldwide.

“Lead times and product availability for specific products through local suppliers also has been a challenge,” Van Lokeren says. “Unfortunately, we still need to depend on international suppliers for certain specific items due to the high transport costs that are transferred to our purchasing costs.”

According to Van Lokeren, the recovery period for the events industry to return to a relatively normal rhythm took longer than anticipated. Onshoring initiatives, hiring, and securing warehouse and office space were all delayed due to the impact of the pandemic.

“Furthermore, we had not foreseen that the ongoing transport costs and logistical difficulties, that we still experience today, would persist for such a prolonged period,” Van Lokeren says.

For Lectra, one unexpected challenge was the number of shipping struggles that emerged with overseas manufacturing over the past few years.

“For example, high tariffs and inflation levels have been an issue as they reached new heights and were two of the main reasons to transition to onshoring,” Marano says. “For a lesser cost, companies who are shifting to onshoring can have better control over quality and an increase in production.”

Marano also points to a major challenge the manufacturing industry as a whole faces: a limited pool of skilled workers. “Our customers are reporting that labor is one of the main drivers as to why they are switching to automation and technology advancements to keep up with demand,” he explains. In May 2023, the U.S. Bureau of Labor & Statistics reported 608,000 unfilled jobs in the manufacturing sector. This is a considerable improvement over the 865,000 openings reported in June 2022, but unemployment remains at historically low levels.



ShowTex provides flame-retardant fabrics, tracks and motion systems for theater and event applications. By onshoring, ShowTex can work with local engineers to adapt and tailor their track motors and fabrics accordingly. Photo: ShowTex

What's old is new again

Deanna Hodges, owner of Hodges International (<http://HodgesInternational.net>), recently brought her company's textile and apparel manufacturing to Lincolnton, N.C., after the pandemic wreaked havoc with her supply chain. Companies such as FedEx, DHL and others temporarily shut down when she needed items immediately shipped from her international manufacturers for an important meeting with a potential retailer.

The crisis situation Hodges found herself in made her realize she needed to rethink her business model and never have her hands off the business again.

"I decided to onshore my manufacturing and started looking at seven or eight states that were favorable to small businesses, offered a decent cost of living, favorable taxes, etc.," says Hodges, who contacted various departments of economic development in states across the United States. Eventually, Hodges found an abandoned textile mill in North Carolina. "Everyone thought I was crazy, but I moved to North Carolina and began the process of rezoning and renovating the building, dealing with things like squatters and trash, etc. One thing I realized is that by onshoring, no matter what happens, whether there is a pandemic or a hurricane, truckers are still on the road, so we can get our product out throughout the continental U.S."

In August 2022, the building dedication took place and Hodges International began operating in a portion of the building, making apparel for the military and health care industries, to name a few. "We are making things that make a difference," Hodges says. "Some naysayers said we wouldn't be able to find workers or customers. But we have more business than we can handle, and our employee pool is strong and growing."

Today, Hodges International employs about 30 people, some of whom previously worked at the original mill years ago or had family members who did so. Because the textile industry is a much smaller entity in North Carolina than it once was, Hodges offers a training program to bring new employees up to speed.

"By onshoring, we are introducing a whole new generation to manufacturing," Hodges says. "People don't realize that apparel manufacturing goes far beyond just cutting and sewing fabric. It is accounting. It is sourcing. There are so many facets to it. Unfortunately, people just think of factories in China or Bangladesh, where there are a bunch of people crammed into a small space. They don't see that manufacturing has a lot of opportunities that come along with it."



The “Wind in the Bowels” exhibition at Heureka, the Finnish Science Centre, is a unique look at the structure and functions of a healthy digestive system. Designer Olli Weckman commissioned ShowTex for the production of the gigantic three-dimensional StretchTulle structure. Photo: ShowTex

Unexpected benefits

For ShowTex, due to the nature of the North American market characterized by last-minute demands, reactivity and shorter planning phases, a significant number of requests come in at the eleventh hour. By onshoring company activities, ShowTex has been able to effectively address these urgent demands and establish itself as a genuine partner to clients.

“As a result, we have gained expertise in delivering high-quality products and services within tight time frames,” says Christophe Geoffrion, director of sales and operations at ShowTex North America.

The ShowTex team advises other companies that are considering onshoring or nearshoring to continuously assess and adjust their manufacturing strategy to stay competitive in an ever-evolving landscape.

“In the past year, our onshoring has been a success as we are constantly monitoring and adapting to the changes in our market, our clients’ preferences, reassessing decisions, changing our positions,” Van Lokeren says. “Flexibility and adaptability have been the key to our success. As customer service is our central mission, flexibility is key.”

By making the transition to onshoring, Lectra has found an increased protection level surrounding intellectual property, which is not physical in nature but is instead an asset of the human intellect.

“Having a closer eye on production and processes eliminates the need to vet an outside vendor’s authenticity, helping to save time and lessen the worry around our company’s property,” Marano says. “By having manufacturing on American soil, it could also eliminate language barriers that you may have previously encountered when manufacturing overseas.”

When companies take a step back and dive into their supply chain strategies, Marano says they may find that onshoring will help them reduce logistics and transportation costs as well as improve their supply chain security. But although these could be major benefits, there are also a few things companies may want to consider before making the full commitment to onshoring.

“For example, tying in labor shortages, how difficult will it be to find local talent? Will the cost to find and hire talent disrupt the proposed timeline for production or absorb a large portion of the profits that would be saved by moving away from overseas production?” Marano asks. “Do your research and make sure that it’s the right fit for you, keeping future goals in mind.”

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SIDEBAR: By the Numbers

According to Kim Glas, president and CEO of the National Council of Textile Organizations (NCTO), onshoring and nearshoring trends have been robust over the past two years, which has strengthened “Made in USA” production and helped drive continued capital investments in the U.S. and Western Hemisphere as well as the industry’s exports.

The U.S. textile supply chain produced \$65.8 billion in output in 2022 and employed 538,000 workers. In addition, capital investments in U.S. yarn, fabric, apparel and sewn products manufacturing totaled \$20.9 billion from 2012 to 2021.

The Western Hemisphere supply chain is a key driver behind this growth and remains a vital economic engine for the textile and apparel sectors.

“We have \$39.8 billion in annual two-way trade with the Western Hemisphere, representing an 18.4% increase over the past five years, which supports 2 million direct jobs in the entire supply chain. And U.S. exports and imports were both up in 2022,” Glas says. “These metrics demonstrate that onshoring and nearshoring trends are strong, though we are keeping a close eye on global economic headwinds this year, which could impact our Western Hemisphere trade.”