



**Case Study**

# Fortune 500 Consumer Electronics Company Reduces Operational Costs Through Labor Market Study

A US-based, Fortune 500 company in the consumer electronics industry relocated production after commissioning an in-depth, competitive analysis study of the labor market. After the move, the Company tapped into the location’s lower labor costs and new entity incentives.

## Challenges

The Company lacked sufficient data on labor markets in specific industrial zones across South and Southeast Asia – without which they did not know where they could relocate their intricate and sizeable supply chain to reduce manufacturing costs.

## Solutions

We performed an in-depth labor market study on 10 electronic manufacturing clusters across five countries, providing a comprehensive report, presentations, and a competitive analysis on local opportunities.

## Impacts

With a comprehensive report in hand, the well-informed Client was ultimately able to select a location most advantageous for managing their labor costs in the present and the future.

### **CHALLENGE:** Collating reliable information on all factors required to assess a location’s potential

Even prior to the US-China trade war, rising labor costs in China prompted many large corporations to relocate manufacturing facilities. Covid-19 related supply chain troubles further underlined the need to diversify production sites and reduce the risk of future disruptions.

This Fortune 500 company has an intricate supply chain - contract manufacturing hundreds of components and parts for its consumer electronics products. Previously based primarily in China, manufacturing has slowly been moved to other locations around Asia.

The challenge for this company was determining where, out of many cheaper labor environments in South/Southeast Asia, to relocate contract manufacturing to.

Open-source data, if available, can be difficult and time-consuming to collect, and is frequently outdated. Furthermore, it is insufficient to solely look at labor costs when evaluating potential locations. It is prudent to also assess labor availability and the regulatory environment as additional factors crucial for long-term success. The Company’s internal organization was not equipped to carry out this research and evaluation by themselves.

## **SOLUTION:** Comprehensive labor market study performed on a diverse range of potential locations

Our Business Intelligence team conducted an in-depth, Asia labor market study after defining parameters and geographical location. According to the client's industry, our team narrowed down potential locations to manufacturing clusters spread out over five different countries in South/Southeast Asia.

Utilizing both primary and secondary research, our team gathered data assessing pre-determined, relevant metrics such as labor availability in the area of each cluster; the cost of labor in terms of wages and taxes; and the labor regulatory environment of each country and state/province/region the clusters were located in.

Once the project components were collected, our Business Intelligence team performed a competitive analysis. This side-by-side visualization helped the Client understand the comparative advantages and long-term outlook of each cluster. The team then delivered a comprehensive report to the Client, detailing data points and a full analysis of the labor environment in each location.

To communicate key points and results of the study, the Business Intelligence team also briefed the Client's project team, as well as upper management - providing concise and relevant analysis and enabling the Client to make a data-driven decision.

## **IMPACT:** Client selected the manufacturing cluster most conducive to satisfy long-term needs

To assess the suitability of specific manufacturing clusters across Asia, the Client received several deliverables including: a comprehensive labor market report; several presentations on pertinent labor information; a SWOT analysis; and a comparative analysis.

Equipped with this business intelligence and data, the Client made an informed decision to relocate partial production to one of the manufacturing clusters profiled in the labor market

study. The report not only supported the Client's decision, but also empowered the Client to feel they made the best decision for their current and future business needs.

Relocation is a massive undertaking and solid business intelligence can help relieve uncertainty and indecisiveness. Every business will have multiple locations where they can find success in. The key is to know which location is the best-suited environment for their goals and capabilities.



*The client intuitively understood the evolution of the Chinese market and its changing place in the world meant they needed to find a long term solution outside of the PRC. However, they also recognized the amount of market data needed to make an informed decision on a new manufacturing hub was something they would need external assistance with.*

*Through our holistic, multi-disciplinary approach, DSA helped the client define and measure numerous market indicators for each target location to build a comprehensive map of competitive advantage vis-à-vis their unique business needs throughout emerging Asia. Helping guide their senior management through all the data collected to ultimately aid in deciding on a new multibillion dollar manufacturing investment was an extremely rewarding experience for our firm.*



**Dustin Daugherty**

Head of North American Business Development



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