

SAFA Entrepreneurial Lesson

Choosing a Manufacturer

You finally have a completely functional prototype...

— — —

Now What?

Congratulations! Now you can manufacture your product on a large scale!

What is manufacturing?

Manufacturing is the product of goods with the help of equipment. The goods in this case is your product! Manufacturing allows you to take your single prototype, and share it with the rest of the world.

Manufacturing is an important part of entrepreneurship, and it is crucial for the success of your start-up that you get it done right.

Where should you manufacture your product?

Manufacturing locally vs domestically vs internationally.

Category	Local Manufacturing	Domestic Manufacturing	International Manufacturing
Definition	A form of manufacturing that doesn't use third party manufacturers to produce a product.	A form of manufacturing where your product is produced within the country.	A form of manufacturing where your product is produced outside of your country.
Pros	You have more control of the manufacturing process and you save money on shipping.	You still save money on shipping, and you can produce your product in large quantities. You also save money in production cost per product.	You get the cheapest price per piece to manufacture the product. You can also save the most money with this for bulk orders.
Cons	Inefficient at producing large quantities for cheap prices. It also cannot accommodate for specific personalizations for different customers.	You give up complete control over the manufacturing process which can pose risks in quality assurance. Your shipping prices also increase.	Your shipping prices drastically increase, and you have very minimal control over manufacturing after you submit designs.
When it is Best?	Best when you are producing highly customized, and low quantity goods. This is also best when quality assurance is most important to you.	Best when producing things in larger quantity, and your products are homogenous with each other, but you do not have oversized bulk orders.	When you have an oversized bulk order, and you want to decrease manufacturing costs. Products also are not customizable.

Activity Time

— — —

In your entrepreneur journal, write down which form of manufacturing you will choose: Domestic or International (Picking local manufacturing is not advisable in this simulation). After you chose your manufacturing type, write down 2 reasons why you chose it and also 1 reason each for why you didn't choose the other types.

How to choose a manufacturer

After you decide which form of manufacturing that you would like to go with, you need to pick a specific manufacturer. Common sources used to find manufacturers are alibaba and google search.

The best way to find a manufacturer is to look for those that already manufacture products that are similar to yours. This gives them credibility and helps ensure that your product is being produced in experienced hands.

Choosing the right manufacturer is a crucial decision for an aspiring entrepreneur, and must be taken seriously. Here are some things to consider while you look for a manufacturer.

Things to consider when picking a manufacturer

— — —

1. Credibility/Experience

- a. Consider how long they have been in the manufacturing business,
- b. Consider what other products they manufacturer, and if it is similar to your innovation.

2. Communication

- a. They must respond quickly
- b. They must give you constant updates.

3. Cost

- a. You often want to pick the cheapest manufacturer
- b. Keep in mind: You should not sacrifice credibility or communication EVER.

4. Size

- a. How big is the manufacturing facility
- b. How many workers do they have
- c. Do they have the facilities to manufacture your product on a large scale (This is often Yes).

Sounds like time for a video

Watch the following video about choosing the perfect manufacturer.



Activity Time!

— — —

Go to Alibaba (for international) or do a google search (for domestic), in order to find potential manufacturers. After you find one that best fits the criteria of a good manufacturer, then write their name down on your entrepreneur journal. After you write down their name, write down one concern you have for them being the manufacturer.

Choosing a manufacturer always has trade-offs and sacrifices, you would be extremely lucky to find a “perfect manufacturer”.