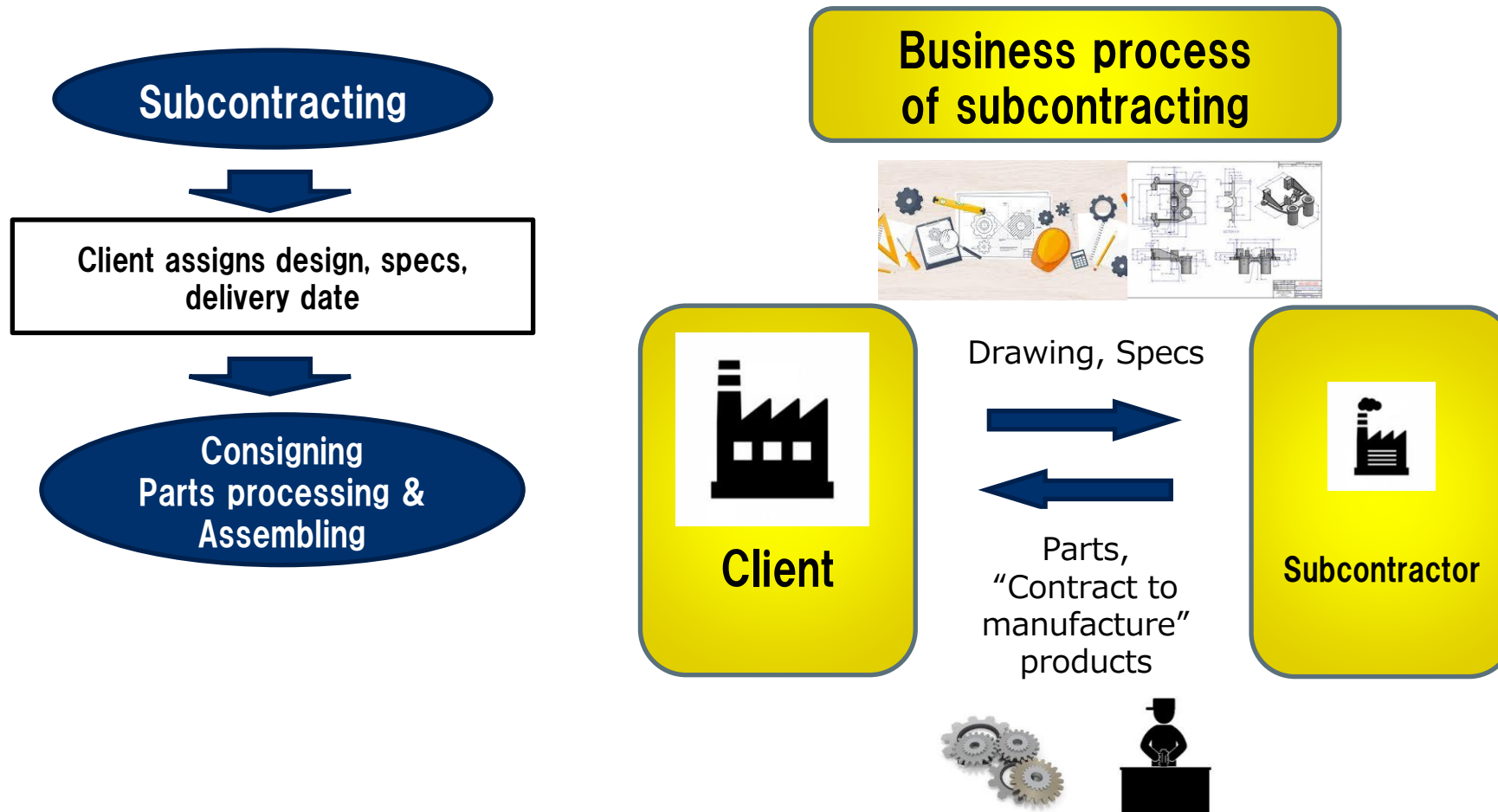


**Outsourcing
Management**

1) Subcontracting: the system of method in production for procurement from the outside considering optional sharing of make or buy



2) Purpose of subcontracting & make-or-buy

Purpose

- ① Supplemental technology
- ② Complementary production capacity
- ③ Securing quality required
- ④ Pursue the lower cost
- ⑤ Avoiding heavy investment

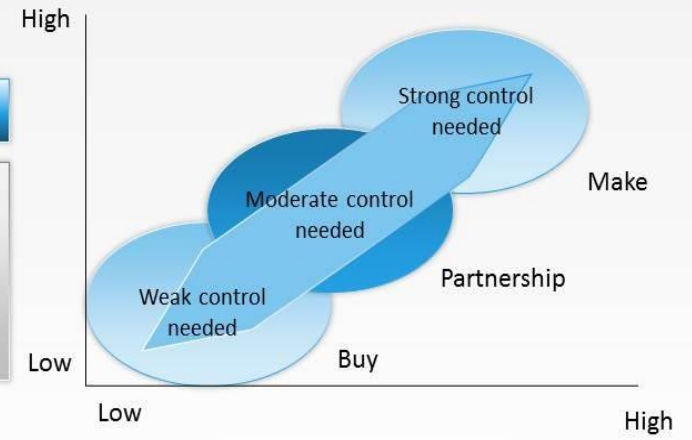
Determinants

- ① Policy of Industrial secrets, technology succession
- ② Profitability and cost
- ③ Technological capacity, specific skill of machining
- ④ Proper manpower, Operation rate, fluctuation of production volume

make-or-buy

Advantages of Making

- Low costs
- Better quality
- Unique characteristics
- Better time management
- Control of proprietary information
- Etc...



Risks tied to Outsourcing

- Size, power of producer
- Technical capacity of buyer
- Number of transactions involved
- Etc...

Your Logo