



Providence Enterprise
Full-Service Global Contract Manufacturing

TOO BIG, TOO SMALL OR ✓ JUST RIGHT

A Guide to Finding Your Perfect Fit CONTRACT MANUFACTURER

When it comes to choosing a contract manufacturer (CM) is bigger is better or do you prefer the personal touch small CMs provide? Whatever your preference, there are certain advantages and disadvantages to CMs of different sizes. The trick is striking the best balance between these two options.

RISK

This is your first priority. You need to trust that your contract manufacturer will avoid escalations and de-risk every step of production lifecycle.

Do they have the people, facilities, expertise and equipment you need?

TOO SMALL

Probably not on site so they either handle just a portion of your process or farm it out to their own third parties... whom you've never met.



TOO BIG

When they tell you they have everything in-house to handle your full project, take that with a grain of salt. To a giant CM, "in-house" generally means facilities spread over a wide and very complex supply chain.

JUST RIGHT

Look for a CM partner whose global operations are streamlined enough to contain complexity and capable of handling at least 80% of your processes.

Can they get you through tough times?

TOO SMALL

When resources are limited, CMs rarely have the buying power to compete with the big guys.



TOO BIG

Big CMs are able to secure scarce resources but often will allocate them to their "most important" (highest spending) clients. Do you fit the bill?

JUST RIGHT

A right-fit CM has both clout and a sense of equal responsibility to their clients. They also have contingency plans when plan A gets shaken off course, they have plans B, C and D to put your project back on track.

Can they adapt to your requirements?

TOO SMALL

They may have been the perfect size for your initial run, but can they ramp up if demand explodes?



TOO BIG

A CM is too big when their minimum order forces you to think about warehousing costs and logistics for the next year or two.

JUST RIGHT

Look for a CM partner who can handle a range of volume orders and, even better, offer options to ensure that whatever the size of the run, you are getting it at the best cost per unit.

COMPANY HEALTH

Ok, so you've made a selection of contract manufacturers that can manage your business. Of course, you don't want to unexpectedly re-do this exercise again in the next 2 to 3 years. You've got better things to do.

Are they financially stable?

TOO SMALL

Even solid foundations can be shaken if a CM has to grow very quickly in order to accept you as a client.



TOO BIG

Giant CMs tend to be financially stable, but are you big enough to get their lowest rates based on the business you bring in?

JUST RIGHT

By all means, choose a company that is fiscally sound and risk even further by making certain that you are neither their largest nor smallest client.

Do they have (and keep) good people?

TOO SMALL

Often these are family-run and their people hold the same position for many, many years. When someone does leave or retires, it can throw the company into chaos.



TOO BIG

Change in management or strategy is a major business disruptor and in big companies job hopping is commonplace, even at senior levels.

JUST RIGHT

High retention rates says a lot about a company, namely that they appreciate talent and go the extra mile to keep them. Oh, and don't forget to look for a partner with a nice balance of senior experts as well as young professionals.

COMMITMENT TO PARTNERSHIP

This is the toughest item to checklist yet it is vital to your long-term success. How well will your team get along with your counterparts?

Are you equals?

TOO SMALL

Having a smaller number of clients could mean they can't contribute as many ideas or options as a company with more experience.



TOO BIG

The "too big to fail" mentality of large companies makes them less inclined to learn your language and more likely to insist doing things the "right" (their) way.

JUST RIGHT

A right fit company is an experienced and trusted advisor who collaborates with you to achieve your desired results.

Who can you talk to?

TOO SMALL

If they are overseeing processes done by their suppliers, there is little chance of you talking face-to-face with anyone but your point person.



TOO BIG

The spread out nature of a big company means that yes, you have all the experts you need but there is little chance of them sitting at the same table.

JUST RIGHT

Your point person is a facilitator rather than a gatekeeper. You will have access to leadership as well as team members such as managers, engineers, manufacturing and supply chain specialists, and more.

Will they pick up your calls?

TOO SMALL

Definitely... when possible. Small CMs often suffer from overstretched resources and a gap between what they would like to do for you and what they can do.



TOO BIG

If you are one of their top clients, maybe. Too-big CMs tend to over-rely on processes and once plans are approved they are not keen to revisit them.

JUST RIGHT

Every time.

Choose a CM who has their eyes on a long-term partnership. Make certain they have the expertise and resources to deliver the quality products you want on time and within budget, but also demand more. Find a CM who is guided by your strategic goals and is proactive in highlighting opportunities for lowering costs or improving your product and processes.

Don't settle for anything less than a perfect fit.



Providence Enterprise
Full-Service Global Contract Manufacturing

www.providencehk.com

[Schedule a Meeting](#)

[LinkedIn](#)

US Office
1500 Quail Street, Suite 420,
Newport Beach, California,
92660, USA

Phone: +1-949-851-8888

Europe Office
Pastelblauw 75
5245CD's-Hertogenbosch,
The Netherlands

Phone: +31-6247-869-20

China Office
Shan Xia Community, Pinghu
Street, Longgang District, Postal
Code 518111, Shenzhen, China

Phone: +86-755-8465-4611

Hong Kong Office (HQ)
Unit 13-15, 6/F., Grand City
Plaza, No.1, Sai Lau Kok Road,
Tsuen Wan, N.T., Hong Kong

Phone: +852-2415-2293