

FAQ: Sourcing & Outsourcing

Introduction

This presentation will give you a brief introduction about what sourcing and outsourcing are, and how you can proceed if you want to source/outsource.

This presentation is presented by Tradecore Ltd. (www.trcore.com) and the following minutes you will learn more about these topics:

What are Outsourcing?

What Problems May Occur if You Source Yourself!

Why Outsource?

How to Avoid Sourcing Problems?

What are Sourcing?

Why Hire a Sourcing Agent?

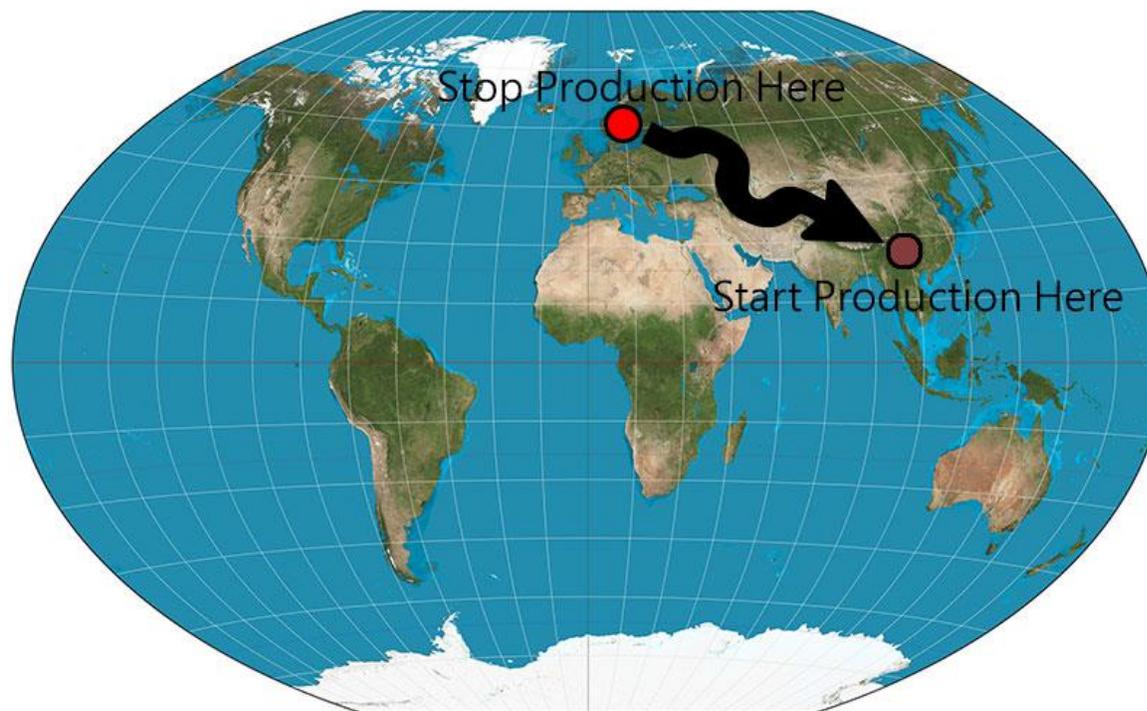
Why Sourcing?

What Categorize a Good Sourcing Agency?

Who we Are?

Question 1: What are Outsourcing?

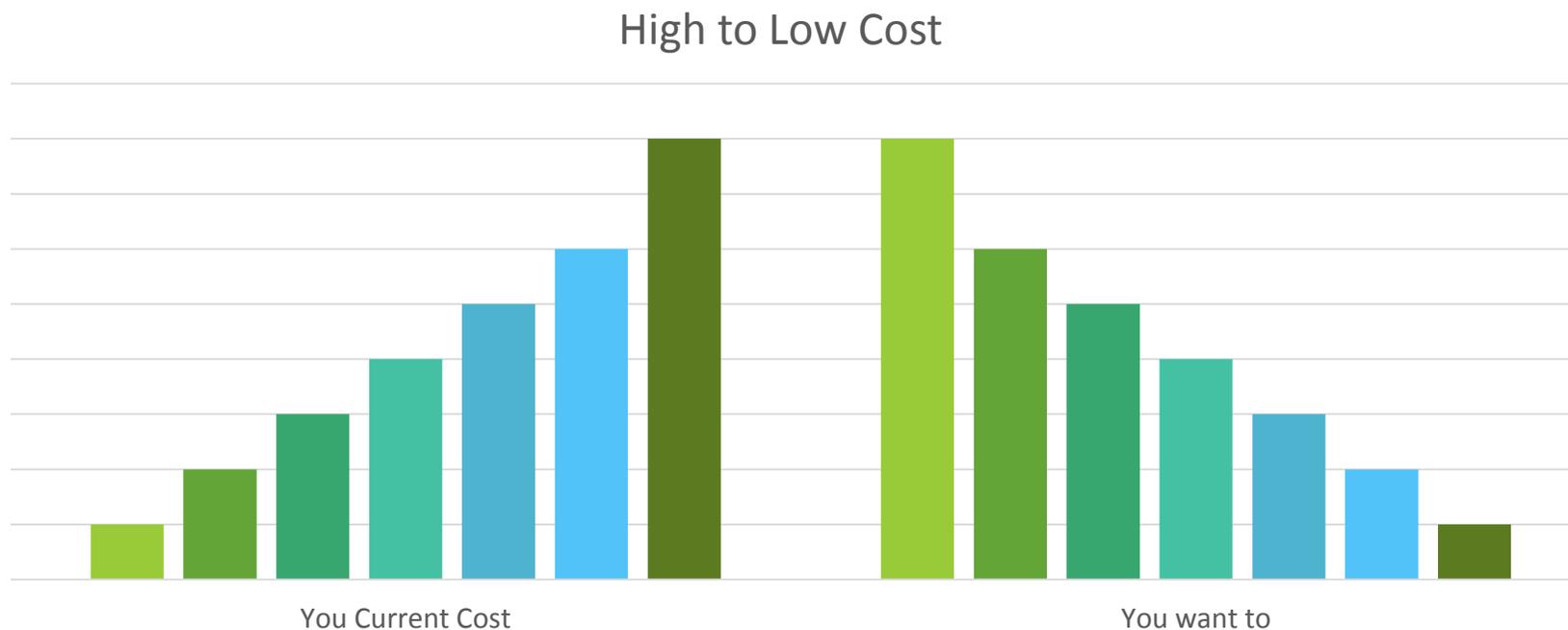
Outsourcing is a term that means the movement of work that was formerly conducted in-house, by employees paid directly by a company, to a different company.



Question 1: Why Outsource?

There are many reason for this, but the top is:

Lower Operational and Labor Costs



Question 1: Why Outsource?

Then we also have these top factors for outsourcing:

- To continue focusing on the core business rather than waste time on unrelated things

- Liberating internal resources that could be devoted on other more effective applications

- Become more international, gain more global knowledge and presence, world class capabilities

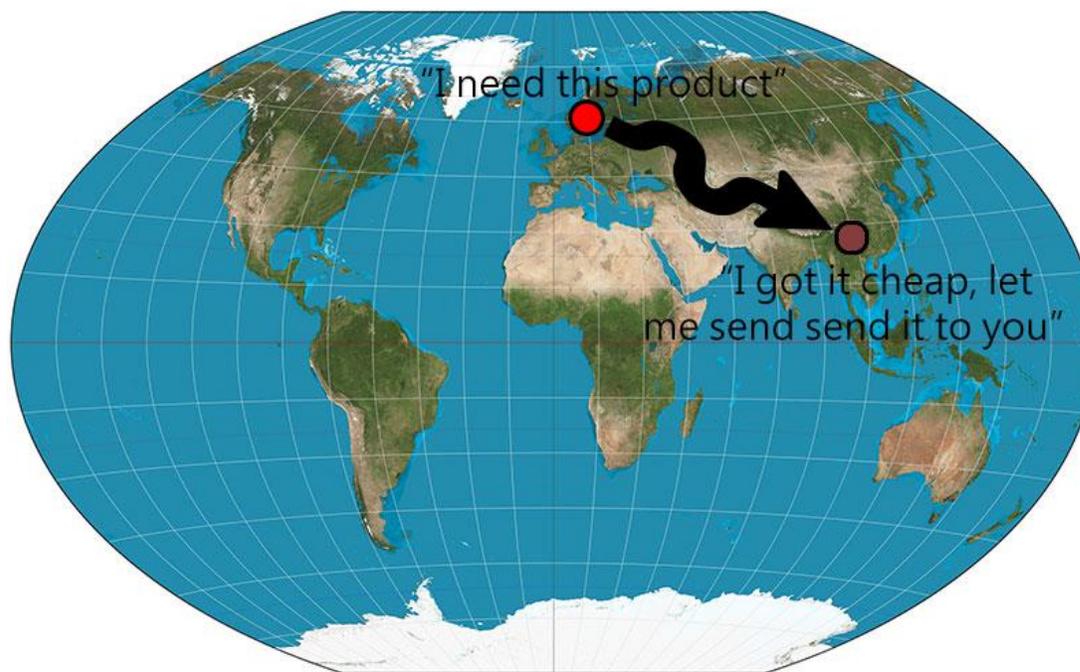
- Getting control of process flow, business that are difficult to manage and control should be outsourced

- Mitigate the risk with main business and benefit from re-engineering

- Getting a new market to expand to

Question 2: What are Sourcing?

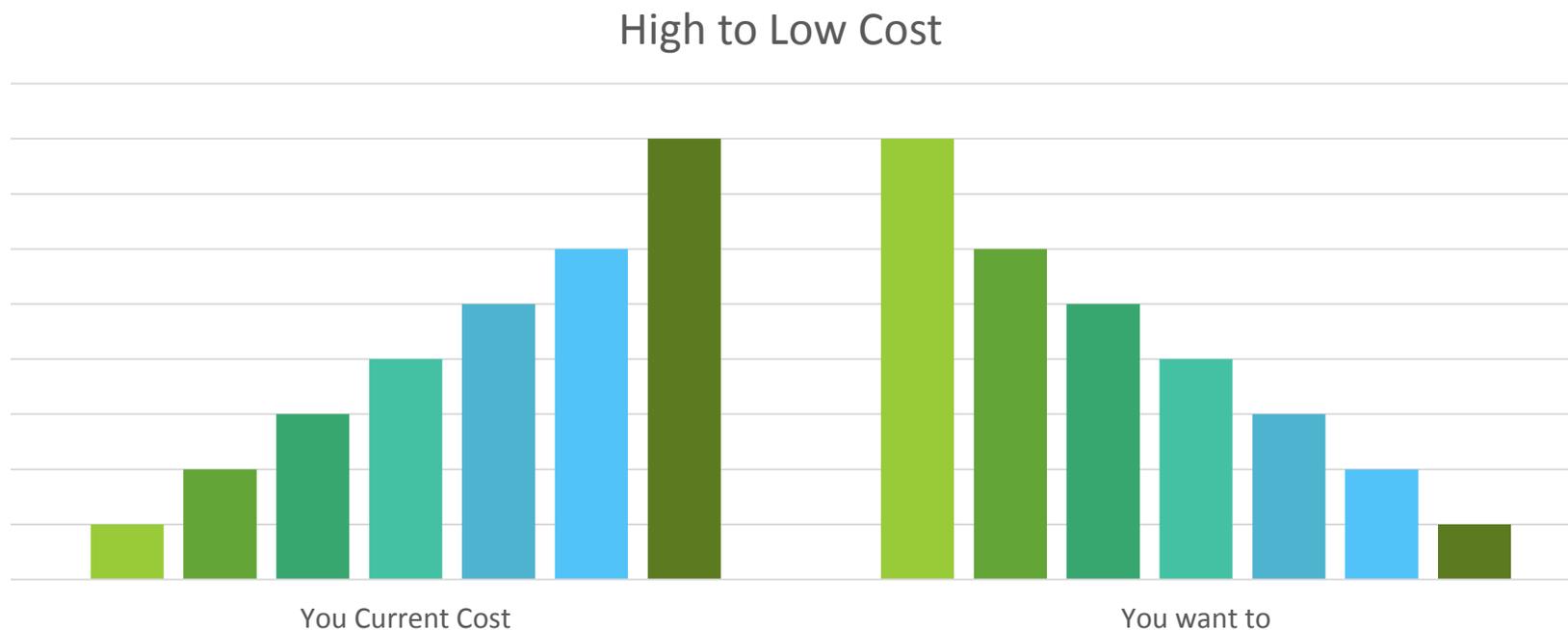
Sourcing is the practise of finding products or services *across geopolitical boundaries*. Many times this is referred as *“importing from a specific supplier, often located abroad to save cost”*



Question 2: Why Sourcing?

There are many reason for this, but the top is:

To find products to import or services that is much cheaper than buying local to save cost



Question 2: Why Source?

Then we also have these top factors for sourcing:

- You have a product in mind or need a solution fast to get it out to the market
- OEM a product and market it under your Brand Name
- To develop a custom product and let manufacturer fix the things you can not
- To get more connections with suppliers for more competitive prices
- To find and introduce new products/services which does not exist in your local market
- To gain more global knowledge and expand your product database
- To ensure a backup for your business if current suppliers lacks quality

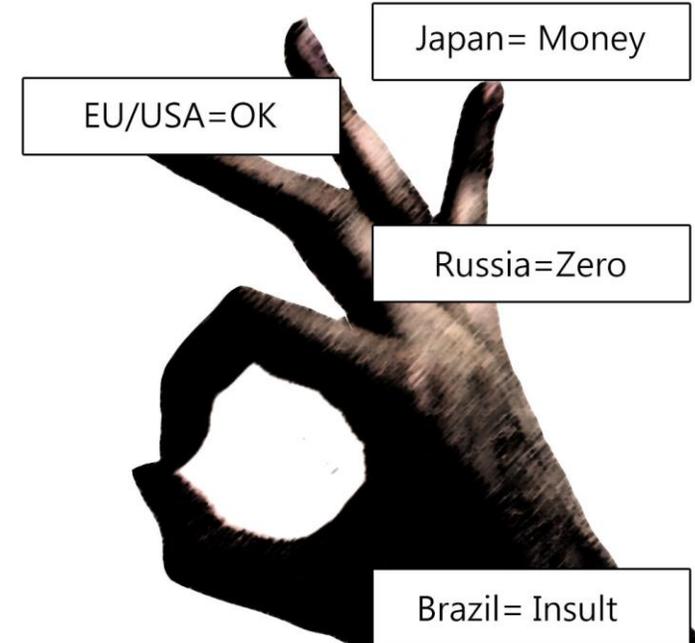
Question 3: What Problems May Occur if You Source Yourself!

There are severe risks involved when sourcing or outsourcing products to another company. There are many reason for this, but the top risk is:

Communication Problems and Culture Differences

Which easily can lead to:

- Ethnocentrism problems = judging another culture solely by the values and standards of one's own culture.



Question 3: What Problems May Occur if You Source Yourself!

One more example of how different culture may have different impact on communication

CULTURE	HANDSHAKES
Americans	Firm, short
Arabs	Gentle, kisses on both cheeks
Most Asians Countries	Gentle, (for some, shaking hand is unfamiliar and uncomfortable while other are familiar with gentle long lasting)
British	Soft
French	Light, quick, not offered to superiors, repeated
Germans	Brusque, firm, repeated
Hispanics	Moderate grasp, repeated
Latin Americans	Firm, long lasting
Middle Easterns	Gentle, repeated frequently
Scandinavians/Koreans	Firm, short

Question 3: What Problems May Occur if You Source Yourself!

Then we also have these top factors that may occur if you source without any help:

- You do not know who you are dealing with

In the February 28, 2011 edition, Businessweek reported that around 2,300 vendors were found to have been scamming global buyers through the largest e-commerce site in China (Alibaba and others).

“In case you don’t know who you’re dealing with, the possibilities you will get burned are high”

- You do not know the local market prices and do not have the local negotiating skills.

A local person knows the local market prices, and can often get better prices than you do than a foreigner in a foreign market.

Question 3: What Problems May Occur if You Source Yourself!

- You do not have anyone helping you to check the quality of the goods you are about to import

- You do not have anyone that can locally go and inspect the factory you are about to use.
Is the factory a trader, small supplier or actually a manufacturer?

- **The supplier or manufacturer do not understand western product certifications.**
Some products, especially electronics may requires labeling requirement or CE certification before it can be imported or allowed to sell to end customer

- **Manufacturer normally do not wants to handle small problems, what happens then? Who helps you?**

Small problems is often the top of the iceberg which can escalate to somethin big!

How to Avoid Sourcing Problems?

While it is impossible to avoid problems and risk up to 100% you can however minimize the risk by:

**Letting a
Sourcing Agency
Help You**

Question 3: Why Hire a Sourcing Agent?

A Sourcing Agent can help you in many ways

You get local representative for your firm

Help you ship your items

Make audit on appointed factory

Save time & money by effective communication

Help you bargain to get your product at the lowest cost

Make sure you get what you want

Regular Inspections and conduct evaluation for quality on your behalf

Adhere to local laws and regulation

Reduce the chances of payment frauds and scammers

Convenient Ordering

Helps in sourcing for reliable and trustworthy factories and suppliers

Get a trusted long time partner and possible friend for future business!

Question 3: What Categorize a Good Sourcing Agency?

A good sourcing agency can minimize the problems that can occur if you source yourself.

A good sourcing agency have these properties:

- Know-how of the local market, culture and language

- Are bi-lingual or have multiculture background for better understanding between cultures

- Answers email before 24/h and are flexible

-Have knowledge about yours products or try to educate him/herself about it

-Shows interest in your business

-Give you an alternative option to save money

Who are We?

Tradecore Limited is a Hong kong based, Swedish managed Sourcing Agency Company operating in mainly China.

We offers:

Sourcing China Agency Services

3D Printing Services and are also distributor of 3D printing materials & accessories.

We speak fluent English, Swedish, Japanese and Chinese.

Please visit our site and if you find us interesting, do email us and we will get back to you as soon as possible

www.trcore.com