

Buy American, By Americans

The advantages of keeping it local

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"Many people watching tonight can probably remember a time when finding a good job meant showing up at a nearby factory or a business downtown. You didn't always need a degree, and your competition was pretty much limited to your neighbors. If you worked hard, chances are you'd have a job for life, with a decent paycheck, good benefits and the occasional promotion. Maybe you'd even have the pride of seeing your kids work at the same company.

That world has changed. And for many, the change has been painful. I've seen it in the shuttered windows of once booming factories and the vacant storefronts of once busy main streets. I've heard it in the frustrations of Americans who've seen their paychecks dwindle or their jobs disappear—proud men and women who feel like the rules have been changed in the middle of the game."

If you watched this year's State of the Union address, the above words spoken by President Barack Obama are probably still echoing in your ears. Whether you are a republican or democrat matters very little when it comes to the success of the American people. We all want prosperity, job security, growth in manufacturing and a continued realization of the American dream, regardless of political leanings. The industrialization of China, India and other emerging nations combined with American companies outsourcing manufacturing has created serious competition for American workers. Add on top of this the recessionary woes of the last few years: the limited credit, the inventory shortfalls and serious product safety violations coming from overseas manufacturers, and one can see the "perfect storm" that was created for American factories.

The Advantage of American

"Having products that are made in America has emerged as an 'unfair advantage' for those suppliers who can legitimately make the claim," stated Mel Ellis, president of [HumphreyLine](#), Milwaukie, Ore. That advantage is huge when it comes to having inventory close at hand when needed. Ellis detailed the inventory issues, "American manufacturers don't have to carry large amounts of inventory in their warehouses; when they get low on stock, all they have to do is turn on the machine and make the product." A typical overseas order from a typical U.S.-based mid-sized supplier needs lead time, that is a reality. Ellis noted an average turn-around time of 180 days for an overseas order. "By contrast, American manufacturers can expect, if they manage their operations well, to turn their inventory in about 60 to 75 days. When compared to the 180 day figure above, American manufacturers do have an unfair advantage compared to importers," he said.

A Little Extra Insurance

Steven Meyer, MAS, vice president of sales for [Molenaar LLC](#), Willmar, Minn., noted another consideration

Photos



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The Buffet Kit from HumphreyLine includes the Humphrey Flyer, a 16 oz. stadium cup, a 9" paper plate, knife, fork, spoon, and salt and pepper. Made in America.

for going with American manufacturers. "Obviously testing and material content regulation has had a major impact on suppliers' costs, but more importantly on advertisers' thoughts. The glasses recalled last year in the McDonald's *Shrek* promotion were below any regulatory standards," he said.

If product safety wasn't a major concern for both suppliers and distributors in the industry 10 years ago, it is now. With the Customer Product Safety Improvement Act (CPSIA) regulations weighing heavily on the industry's mind, a safe product supply chain is of the utmost importance, especially when everyone in the supply chain is held responsible.

"When defective products are placed in the stream of commerce, liability can attach to everybody in the distribution chain, beginning with the product and component part manufacturers, to the wholesalers and ultimately down to the distributors who pass on the products to the final consumers," explained Lisa Lori Esq., Klehr, Harrison, Harvey, Branzburg, LLP, based out of Philadelphia.

Ellis explained how strong the safety benefits are when sourcing from American factories, "American manufacturers, who source their materials domestically, benefit from a highly sophisticated regulatory system which has taken over 100 years to develop." What you may not know as a distributor is when you buy American, there are certain assurances that you can expect to be in place. "[American Manufacturers] can rely on written assurances from their supply sources that their materials comply with the various product safety regulations, that their products meet certain design specifications, that their quality levels are within tolerance, etc.," continued Ellis. But if these agreed-upon qualities are modified without informing the customer, then legal action against the vendor can be taken. "Such legal protection is simply not available to suppliers who import their product from developing countries, and as a result, they have only limited control over the quality of the product they bring in to re-sell," he explained.

Lori elaborated on how difficult it is to hold an overseas manufacturer responsible for safety violations. "In the case of overseas manufacturers, typically it is very difficult to sue or collect money from violating companies, unless for example the companies have assets or a substantial presence in America," she explained.

What Will Tomorrow Bring?

With increased faith in economic growth, the Federal Reserve boosted its forecast for the United States Gross Domestic Product (GDP) for 2011 from 3.6 percent to 3.9 percent. (GDP measures everything produced by all the people and all the companies in the United States). This is an upward trend that is sure to make American manufacturers smile.

Ellis's take on the future of suppliers that sell American-made products is positive. "My own view is that having such an 'unfair advantage' in a market such as promotional products provides an important edge over other supplier companies offering imported products in the same categories ... We can expect the future for this class of suppliers to be relatively bright," he said.

With new opportunities to pull ahead of the competition, based on speed and safety, Meyer agreed with Ellis about the future. He noted, "American manufacturers recognize we once again have an opportunity to lead the world in the production of safe, innovative, useful products. Made in the USA still means something around the world and whether it is promotional products, new battery technologies or cancer-fighting drugs, the world is eager to see our work."