

Is importing really such a bad thing?

Does importing deserve its 'bad boy' status in the manufacturing industry or is it unfairly labelled due to the numbers who've tried and failed?

MANUFACTURING and importing components from China is a strategy many Australian manufacturers have probably considered to maintain competitiveness and profit margins in an increasingly tight economy, but up until recently relatively few have pursued it.

According to manufacturing importer Cara Kenny, the fallout from DIY importing and from not using local professionals is massive, but for the few manufacturers who are doing it right, it's the difference between 'struggling' and renewed prosperity.

Kenny, who heads Australian-owned Global Sourcing Services (GSS), is attracting an increasing number of Australian manufacturers who want to cut costs in their process.

Among other things, GSS sources and works with overseas manufacturers to produce customised laser cut, stamped, machined, forged, cast, welded and fabricated, plastic and rubber components, and industrial foam and PVC fabricated items, and supply lower cost, quality off the shelf consumables. The company saves clients about 20 to 80 per cent on the cost of an individual component, depending on the product.

For those who engage specialists

to negotiate the minefield of dealing with Chinese manufacturers to shipping quality components back to Australia viably, it's a strategy that's paying off.

Australia's second largest manufacturer of truck bull bars, AJ's Total Truck Gear is a Global Sourcing Services client who's been actively importing selected components and off the shelf consumables through GSS for more than four and a half years. It was AJ's bad experience in DIY importing that initially brought them together.

According to AJ's Total Truck Gear Director Andelys Thrush, the 20 year-old company needed a specific chrome-plated component but they couldn't buy quality ones in Australia, without the chrome rusting off.

"In the past, we've had suppliers who were happy to sell us rubbish," she said. "A bull bar must have a highly polished finish. We were getting too many complaints about these particular components..."

Thrush said AJ's tried to import the component themselves but were frustrated because they couldn't progress past the poor quality sample offered by the Chinese factory they were dealing with.

Since meeting Kenny and working through the importing process for that very first part, Thrush said AJ's hasn't looked back.



Global Sourcing Services Director Cara Kenny.

"They're interested in helping you to make it work and they've taken on our business as if it was their own," she said.

Importing has helped AJ's expand its Toowoomba staff from 13 to 25, among other benefits. Thrush says they've added considerably to the number of components GSS sources for them and these now include some previously high cost, high volume consumables they use in their manufacturing process.

"Some cost savings would be \$30,000 alone just on consumables and for more complex components, the cost savings have been huge," she said.

The improved profit margin enabled AJ's to acquire two struggling bull bar businesses in Victoria.

"We've made them more profitable and re-invested back into those businesses and discovered they were doing it the old fashioned way -paying retail," Thrush said.

Kenny warns manufacturers who are considering DIY importing or engaging overseas agents direct that importing's a very risky venture with an extremely high failure rate.

"In today's economy, who can afford to get stuck with something that doesn't work or costs more than is viable after adding on the unforeseen and often hidden costs associated with port charges, customs clearance, and local and overseas logistics?" she said.

"So many products that Australian manufacturers use in their businesses are imported but they're not reaping the benefits. The ones who discover how to import profitably and mitigate risk are the ones who are thriving."

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