



# Made in the U.S.A

Just how important is it where a product is manufactured?

By Laura Thill

**W**hether or not American healthcare manufacturers have a responsibility to produce more products here in the United States, and rely less on foreign-made products, is debatable. However, when it comes to the issue of quality, there's no room for argument, according to experts. If a manufacturer can't promise customers and end-users the highest quality possible, regardless of where its products are produced, it will never be a market player.

"Quality is the price of admission," says Feroze Motafram, vice president of operations, Cardiac Science (Bothell, Wash.). "The minimum threshold for quality is truly a high bar. But, we expect this, no matter where [something] is produced."

"To stay competitive, [manufacturers] must remain very close to their customers and understand what their needs and values are," adds Steve Meyer, president of North American business, Welch Allyn (Skaneateles Falls, N.Y.). "When they do so, they [inevitably] do a much better job of remaining competitive."

"By and large, the quality of overseas products is improving, particularly as other countries' economies improve and they are held to the same level of Food and Drug (FDA) regulations [as American companies]," he continues. "Real globalization has made it easier to move products from point to point. It is much more an issue of getting the value one needs from a reliable source." That said, if that reliable source is here in the United States, that's great for our economy, he adds.

Tony Titus, vice president of marketing, Cardiac Science, agrees that the quality of overseas products has been improved for some time. So, it is that much more important for U.S. manufacturers to provide their customers with the best service and overall experience. This is where vendors can set themselves apart, he notes. "Are your customers receiving the right support system? Are they getting their questions answered?"

here, notes Titus. "The customer does notice where a product is manufactured," he points out. "But the location is not [generally] the decisive factor for the customer." Rather, it's the product quality and the customer experience that influence their choices, he adds.

## When to buy American

Selling American-made products is good for the



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## Define 'Made in the U.S.A'

In many cases, products assembled or manufactured in the United States contain components that are shipped from overseas. "Most [manufacturers] look for components that are of the highest quality," says Meyer. This means that many electronic or digital devices that are built locally include foreign parts. "It would be uncommon not to do this," he adds.

Still, products generally are perceived as U.S.A-made if they are built

distributor rep, the customer and the end-user, says Thomas Hillebrand, vice president of sales and marketing, Pedigo Products Inc. (Detroit, Mich.). "Quality, innovation, availability and service after the sale are the hallmarks of American-made products," he says. That said, he acknowledges that first and foremost, it's important for distributor reps to sell their customers the right products. "First, look for the right products," he says. "[Focus on] quality, performance and total cost of acquisition. If the best or only product is manufactured overseas, buy it."

Nevertheless, Hillebrand supports American-made products for several reasons:

- Purchasing USA-made products helps support the economy here, which in turn helps ensure healthcare benefits.
- Manufacturers have better quality control over locally made products.
- Economically, it makes sense to make products at home, rather than ship them overseas.

“There is a direct link between American workers with jobs and healthcare benefits, and American healthcare providers and facilities,” says Hillebrand. “American workers with jobs + healthcare benefits = a healthcare industry that can continue to employ clinicians and staff, and continue

manufacturing processes, and storage, handling and shipment of finished goods, thus helping to ensure a robust chain to our distribution partners and end-users,” she says.

But, “better made” inevitably translates to “higher-priced” for the customer. “You cannot ask the end-user to pay double for an American made product, but consumers need to understand that the product might cost more,” says Hillebrand. “This could be due to the fact that American companies [must afford to] provide their employees with healthcare coverage,” as well as the cost of higher quality materials. Manufacturers and distributors must educate their customers on the difference between price and total cost of acquisition, he adds.

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to develop products and techniques to enhance our quality of living.”

In addition, manufacturing products locally makes it easier for vendors to oversee quality control, he continues. “Equipment made overseas is shipped unassembled due to shipping costs,” he says. “Pedigo manufactures stainless-steel equipment that is fully welded and assembled.” This is the best material and the strongest manufacturing technique, he maintains.

Colleen Hobbs, senior marketing manager at Quidel Corp. (San Diego, Calif.), agrees. “With our manufacturing plant and headquarters located in the same building, we have laser focus on the control of raw materials,

Finally, “it just appears to make the most sense to produce hard goods here in North America when we are going to sell them in North America,” he continues. “Equipment produced overseas must be knocked down and re-assembled [here in the United States].” Not to mention the cost of shipping.

### **Falling American dollar**

Indeed, the falling American dollar has made more than one manufacturer think twice about overseas purchases. On the one hand, overseas labor and transportation costs are going up, which makes it more economical for manufacturers to produce goods here, notes Motafram. At the same time, the

low value of the American dollar has made American products very attractive to overseas companies. “The falling American dollar has worked both ways for us,” he says. In addition to making it more economical for manufacturers to produce products locally, “our overseas business is booming.”

“By and large, with our falling dollar, our products have become more valuable overseas, and it’s becoming harder to market overseas products here, adds Meyer. “As more overseas customers find our products cheaper and want to purchase more, this inevitably should boost our sales.”

It’s not just a de-valued dollar that makes American products attractive to overseas buyers, however. “The ability of Americans to innovate has always been at the forefront, and I see this continuing,” says Motafram.

“I second that,” says Titus. “We have very sophisticated consumers in our [local] market, and they have demanded that we continue to innovate at the same rate [as we have done in the past]. I think we have a lead in medical products.”

And, it will become increasingly important to continue to innovate, especially if globalization continues, in spite of the de-valued American dollar. “Currencies will wax and wane, and there will still be a continued flow of goods and services back and forth, overseas,” says Meyer. “We can expect continued globalization. [The reality is], we all are competing against the whole world. A lot of items aren’t made here anymore. All you have to do is walk into a Wal Mart to see this.”

If all manufacturers focus on “the best possible service at the best volume, and if they focus on this globally,” they all will compete successfully, adds Titus. “Manufacturers have a responsibility to produce the best quality for consumers and end-users. Proven reputations are difficult to achieve and easily lost.” **RE**