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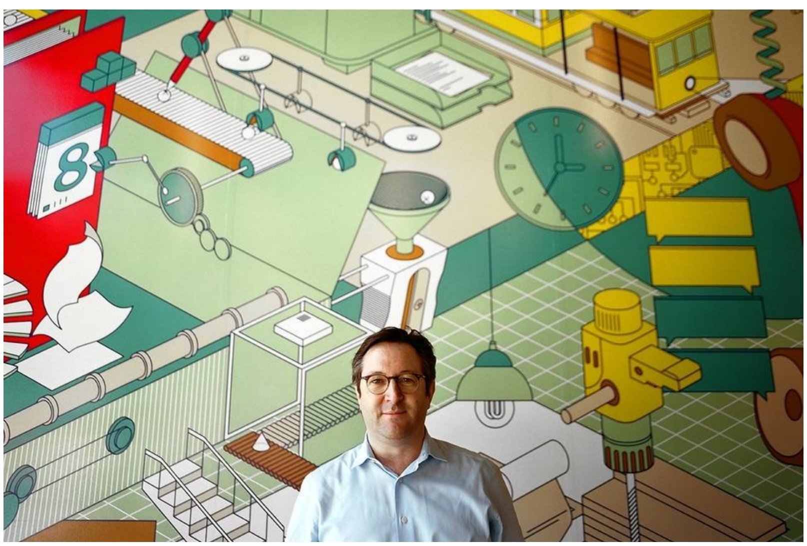
Manufacturing Guru Liam Casey Looks Back—and Ahead

The man known as 'Mr. China' discusses the importance of selling and what China and the U.S. can learn from each other



Liam Casey | "Branding and marketing and creating a long-term sustainable appeal for a product—that's where U.S. brands are much stronger." *PHOTO: CLIFF ENGLERT*

By **MATTHEW KASSEL**
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A lot has changed in the manufacturing world since Liam Casey got into the business some 20 years ago. Real-time data is helping companies streamline production. Crowdfunding is spurring innovation. And delivery to customers, called the last mile, is getting easier.

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Known in manufacturing circles as "Mr. China," the 50-year-old Mr. Casey is the founder of PCH International, a bespoke design and manufacturing company whose clients include Apple Inc. and Beats Electronics, which Apple acquired in 2014. Mr. Casey uses his contacts in China to help startups take hardware ideas and set up manufacturing supply chains around the globe.

In a recent interview with The Wall Street Journal, Mr. Casey discussed the future of manufacturing in both the U.S. and abroad.

Edited excerpts follow.

Hardware resurgence

WSJ: How is manufacturing changing in the U.S. and China?

MR. CASEY: Data around the sale of a product is much more granular now than in the past. We have access to sales information for products as they sell. This has a big impact on any company. You still have lead times and you still have to get raw materials and all that, but when you know what the sale of a product is, the volumes that are selling on a day-to-day basis, it gives you much more information around what to produce, when to produce it and where to produce it.

WSJ: You often refer to a "hardware renaissance," or the fact that there has been this kind of resurgence in hardware manufacturing. How has that changed what you do?

MR. CASEY: One of the great things about this whole hardware renaissance is that in the last five years or so a lot more companies are getting involved and they're asking questions. The questions are very much around, "Why can't we think a different way?" and "Why can't we ship products globally from day one?" They're challenging the way in which products were made in the past. And when you've got smart people asking smart questions—or asking simple questions that weren't asked before—you've got to stop and rethink the whole process. It makes it easier to drive change.

WSJ: How so?

MR. CASEY: If you look at the way we used to work in the past, we had a six- to 18-month rollout of a product, based on geography. The tech companies we work with, when they launch a product, start with the U.S., then go to Canada, different European countries, maybe Asia—and eventually they'll get to global distribution of a product.

About PCH

The company Liam Casey founded and leads

FOUNDED:	1996
BASED:	Cork, Ireland (corporate headquarters); Shenzhen, China (operational headquarters)
WHAT IT IS:	Electronics contract manufacturer
REVENUE:	$1.1 billion (2014)
FACTORIES IN PCH NETWORK:	1,200
SHIPMENTS PER YEAR:	64 million

Source: PCH International THE WALL STREET JOURNAL.

A couple of years ago, we had a startup that came to us through a crowdfunding campaign. We had a conference call to decide where they wanted to launch the product. The answer that came back was: "Let's go alphabetic." If you're shipping [to areas based] on A to Z, that takes geography out of the equation. That means you can make a product and ship it anywhere. At the end of the day, it was very hard for us to argue why they couldn't, and within a couple of weeks we were shipping products to over 80 countries. If that startup had an experienced global logistics team, they would never have suggested that. That's where we came up with the term "Geography is history."

WSJ: If "geography is history," do you think it's possible—or even desirable—to reproduce these international supply chains in, say, the U.S.?

MR. CASEY: We operate on the basis that we're three hours from the factories we work with, and we're three days from 90% of the consumers on the planet who buy the product. I don't care if I'm producing a product in California, Texas, North Carolina, Shenzhen or somewhere in Europe, once I've got access to raw materials for producing the product, a skilled workforce to make the product, and a global logistics platform to be able to move the product from the source directly to a consumer anywhere in the world. Where it's made doesn't really matter, when you look at the margin breakdown—you mostly win and lose in the selling, not in the making. The last mile, which is the delivery, is getting easier, and that's a huge enabler for any city or state or region that wants to make a product.

It's all about sales

WSJ: Has the rise of crowdfunding helped spur manufacturing?

MR. CASEY: Crowdfunding is an important tool that will help you build the company, though it's just one thing you need. What it will do is endorse the product. It will confirm that there's a market for it, and that your pricing is right. What it is is preselling. And if you can presell your product, that's fantastic because that is the same as batch production [or manufacturing products in small batches].

WSJ: About four years ago in The Atlantic, James Fallows wrote about the stirrings of a kind of artisanal manufacturing scene in San Francisco, where you have offices. How would you assess the scene?

MR. CASEY: We're working on a very high-profile product in San Francisco. We're doing all the engineering and development, and we are trying very hard to assemble it in North America. Because of the crowdfunding campaign, we have the data—we know that there's an appetite for the product—and the raw material is coming from the region, so we can actually build the product there.

Two years ago, we wouldn't have considered making it in the U.S. But because we have all the data from the crowdfunding—we have good information that can help the factory plan and schedule the orders over a period of time—we're actually excited about this project. We think we can build it in the U.S.

WSJ: How has manufacturing in China changed since you arrived on the scene about 20 years ago?

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MR. CASEY: It's completely changed. We know once the product comes off the production line—and you've tested it and packaged it—you can get it to a consumer anywhere around the world in three or four days. That level of predictability across the entire chain is what's hugely important.

WSJ: What do you think the U.S. can learn from China?

MR. CASEY: When I look at the startups we've worked with, and I look at any of the companies that have been successful and those that haven't, the differentiator is the ability to sell, not necessarily the ability to make. Lots of companies we've worked with, if they went out of business it was mostly because they couldn't sell a product, nothing else. In that case, I think China has a lot to learn from the U.S. Branding and marketing and creating a long-term sustainable appeal for a product—that's where U.S. brands are much stronger. What the Chinese companies are doing well is batch production. They have no inventory; they sell before they make almost.

WSJ: What's the future of manufacturing?

MR. CASEY: We have live data every day from every device that's produced. That's a health measurement, and that's where selling what you've made has an advantage, whether you're a U.S. brand or a Chinese brand or a European brand. Why would you fill warehouses full of inventory if it isn't selling? We want less clutter in the world. We don't to make more products. We want to make fewer products.

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