



PODCAST TRANSCRIPT

Show Notes at: makeitbritish.co.uk/019

Hello and welcome to the Make it British Podcast. This is the fourth episode in our series of 5 podcasts that accompany my [Get Set for Manufacturing Challenge](#).

So far we have discussed how to define what you want to make, and why manufacturers might not be getting back to your emails - that was on day one (episode 16).

On day two (episode 17) we talked about materials and what the difference was between a full service and CMT manufacturer.

Day three (episode 18) we covered prices, in particular, how to set your target cost price

And today I'm going to fit one more piece into the puzzle, and that's minimum order quantities - or MOQs as they're often affectionately known.

So what is a minimum order quantity?

Well, as its name suggests, it is the lowest amount that a manufacturer is able to make of a certain product.

But depending on the product this MOQ might be split across colours, so for instance, a manufacturer may have an MOQ of 1,000 but they will do that across 4 colours, so you can have 250 each of colour.

Or it may occasionally be split across a collection of different products, provided that a total order quantity or a total order value is achieved.

So why does a manufacturer have a Minimum order quantity?

A manufacturer is not setting an MOQ just to be difficult, and to keep the small businesses out, despite what it might feel like sometimes!

Instead, the manufacturer generally sets their MOQ based on how many of a production run they need to make in order it to be viable for them.

For instance, they'll take into account how long it takes them to set up machines, or for their machinists to get proficient (and therefore quicker) at making something. Or, in the case of something where a mould has to be developed, the minimums would be take into account the cost of developing the mould, which obviously gets more cost-effective the more units you make.

Larger orders generally lead to better efficiencies in factories, which is what the manufacturer is aiming for.

Obviously if you're a small business you're not going to want to order 1,000s of every product or style.

So what are some of the ways that you can overcome high MOQs?

Number 1 is to negotiate. But within reason. A manufacturer telling you that their MOQ is 2,000 pieces is unlikely to drop down to 50. But, in my experience, there is always a little wriggle room if you can build up a good relationship with the manufacturer.

That means going to visit them and having a face to face conversation.

Demonstrating that you offer good potential future business to them - and by that I mean offer a commitment that is based on cold hard facts rather than pie in the sky dreams.

We've all seen it on Dragons Den - the business owner tells the dragons that his sales targets are going to 10x over the next year and that they'll be selling millions of units. The dragons laugh them out of the room because the business owner, once grilled, confesses that he's got no written orders from buyers, no marketing plan and no website!

What a manufacturer is going to want to see is a firm commitment that gives him confidence in you - that may mean paying up front for your first order, or showing them a written order you've received from a buyer.

Listen back to the podcast episode I did with Katya Wildman (number 10) when I also interviewed her manufacturer - he said that one of the reasons he liked working with Katya was that she paid on time. Cash flow is everything to a manufacturer, as they have staff to pay, so showing a commitment to being able to pay can often get you a lower MOQ.

One of the other ways to overcome a high MOQ is to use a pattern or style that the manufacturer has made before, so they've already become efficient at making it. If it's a common style, say a polo shirt in a pretty standard colour such as white, then making it using patterns that already exist makes it easier for a manufacturer than if you start changing sleeve lengths and collar shapes.

Sometimes a high MOQ is due to the fact that the manufacturer is purchasing the materials, and they have to be bought in bulk. If this is the case see if you can use a different material, one that has lower minimums.

Many manufacturers will also be willing to scale down their MOQ on one item if across the board you were placing a reasonable order with them. So try and stick to as few manufacturers as possible so that you can give a larger order to each one. You don't want to be working with loads of manufacturers, especially when you start out.

One thing you'll often find is that manufacturers are willing to lower their MOQs if you pay a higher price per unit. Many work on a sliding scale based on how many they make. Ask if this is a possibility - you can always negotiate the price down once you've shown them what a fabulous customer you are!

The plus side of making in the UK is that often, but not always, the MOQs are lower than they are overseas.

There are manufacturers both large and small in the UK, so there's something for everyone. Just make sure that you've done all of your research before you start.

So I hope you found that useful.

If you didn't hear the podcasts from the last 3 days go back and listen to them as I cover lots of detail related to developing a product in the UK.

I'll be back tomorrow when we'll be recapping on everything we've discussed this week, and talking about how you put it all together - and take that first big step towards finding and working with a UK manufacturer.

And don't forget, there's still time to sign up for the challenge. Even if you are listening to the podcast in the past.

You can go to www.makeitbritish.co.uk/getset to join.

And if you'd like to find the full transcript of this podcast along with any other details that I have mentioned go to www.makeitbritish.co.uk/019

Until tomorrow

Bye-bye