

KNOW THE TRUE COST OF YOUR MOLDS

Published by the American Mold Builders Association

AMBA

Every Mold Has a Price and a Cost.

The price is the figure that is quoted to you on your request for quote. It is a "good faith" estimate of time and materials that it will take your moldmaker to design and build your mold.

The cost of the mold includes many more factors such as mold construction techniques that can result in a mold that runs an optimum cycle time or one that runs a slower cycle. Costs may also include shipping, molding tryouts, engineering changes, and rework to get your mold up to optimum production standards.

Often the true cost of the mold is more than the price you agreed to pay on the RFQ. This is especially true with molds purchased from offshore sources.

Quoted prices are often much lower from offshore sources than from U.S. moldmakers, by as much as 30%-40%. But, when you look at the actual costs of having a mold built offshore you might find that any savings you realized initially on the price of the mold will be lost downstream in other ways.

A tooling engineer who purchases offshore molds for a major OEM said: "The language difference and the long distance are major complications." To overcome the distance problems, someone (a tooling engineer) would have to virtually live in the tool shop's vicinity to answer questions, monitor progress, and make sure they build the molds the way they are supposed to (including making sure they use the agreed upon tool steel). "Asian mold shops are notorious for substituting tool steels."

"If a tooling engineer was not on-site continuously, it would be mandatory that he visit frequently. Trip costs could rapidly erode any hope for savings. In this business you just don't issue a P.O. and then sit back and wait for the first article to appear."

When considering whether to purchase a mold at a higher price from a U.S. moldmaker, or let the job to an offshore source that bids 30% less, take into consideration all of the factors in bringing the mold to optimum production standards.

Many molds come to the U.S. needing rework and engineering changes to bring them up to optimum production readiness.

The above quoted tooling engineer added: "Once the mold is finished there would be several tryouts and changes that would quickly eat up any cost and lead-time savings. Molds built by offshore mold shops seem to require more tryouts to get it right than those fabricated by US mold shops."

That means more time could be lost on your program than you originally planned. Lost time and lost production often mean lost sales as well.

Also, the amount of maintenance required on a mold built offshore is often greater than on a U.S. built mold. That too, is a cost that must be figured into the total cost of the mold.

The life of the mold is also a major consideration. You want a mold that lasts throughout the life of the program or for the number of shots that are standard for the type of mold you purchase according to the SPI standards.

Compare the true cost of a mold program, from concept to the finished, production-ready mold, and then decide the most cost-effective place to have your mold built.

WORK SHEET FOR FINDING THE

TRUE COSTS OF A MOLD

U.S. Moldmaking Source

Offshore Moldmaking Source

Price: \$ _____

Price: \$ _____

Travel:
Air Fare \$ _____

Travel:
Air Fare \$ _____

Hotel \$ _____

Hotel \$ _____

Food \$ _____

Food \$ _____

Transportation: \$ _____

Transportation: \$ _____

Miscellaneous: \$ _____

Miscellaneous: \$ _____

Phone/Fax: \$ _____

Phone/Fax: \$ _____

Shipping Prints: \$ _____

Shipping Prints: \$ _____

Consultant/
Broker fees: \$ _____

Consultant/
Broker fees: \$ _____

Mold Tryout: \$ _____

Mold Tryout: \$ _____

ECOs/Rework: \$ _____

ECOs/Rework: \$ _____

Lost Production:
(due to ECOs/Rework) \$ _____

Lost Production:
(due to ECOs/Rework) \$ _____

Shipping: \$ _____

Shipping: \$ _____

Maintenance: \$ _____

Maintenance: \$ _____

**Total Cost
of Mold Program: \$ _____**

**Total Cost
of Mold Program: \$ _____**

Many purchasing agents who purchase molds from offshore sources say that it takes about 10% of the price of the mold to bring it up to U.S. production mold standards.

Thus, if you pay \$50,000 for a mold from an offshore source, you will probably put another \$5,000 into the mold to get it production-ready.

If you have to send a tooling engineer to Asia or Europe to oversee the mold build, an additional 20%-25% can be added to the cost. This cost includes time lost on other engineering projects while overseeing the project offshore.

One consultant for offshore mold purchasing says he spends as much as \$5,000 on communications including phone, faxes, overnight prints, etc. E-mail cannot always be counted on to be a reliable means of communication in some foreign countries.

Shipping the mold back to your offshore source for repairs is not an option because of the added costs and time involved.

AMBA Member Companies

Members of the American Mold Builders Association can provide you with molds that meet the highest U.S. quality standards in construction (as outlined by the Society of the Plastics Industry - SPI), competitive lead times and costs. AMBA mold shops are nationwide and can be located online by searching in the AMBA Buyer's Guide at www.amba.org.

AMBA member companies stand behind their workmanship to ensure that their customers receive the maximum value for the money spent.

REMEMBER:

"Price is what you pay for your mold one time. Cost is what you continue to pay for a mold that was not built correctly in the first place."

...a Moldmaker

"By far, U.S. moldmakers continue to build the best molds anywhere in the world."

*...a Tooling Engineer
(for a major Business Equipment OEM)*