

Alcoa Closure Systems International (CSI) Global Outsourcing Strategies

Alcoa Closure Systems International (CSI), a business unit of the \$26.2 billion aluminum manufacturer Alcoa Inc., decided to outsource a portion of its manufacturing processes to the Indian firm Tata Consultancy Services Ltd. "Alcoa CSI is saving 15% to 20% in labor cost through its offshoring efforts and has improved throughput rates approximately 25%, estimates Timothy Carr, Alcoa CSI's senior vice president for global manufacturing and technology" (Industry Week, 2006). The company is using this partnership to refocus its engineering objectives.

Companies can learn from this example, to form partnerships with a lower cost manufacturer, however, outsourcers processes would have to weigh the cost between the protection of the companies proprietary information and control with the benefits of overall cost reduction.

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