



TIP SHEET

5 Benefits of Vertical Integration in Manufacturing

See how a seismic shift in the traditional manufacturing process pays dividends for OEMs.

No matter the market or complexity of a project, OEMs have a choice when sourcing a manufacturing partner. They can use multiple vendors with single-stage expertise, or they can choose a single partner with fully integrated in-house capabilities.

Vertical integration involves housing all aspects of the development-to-delivery process under one roof, such as design, engineering, testing, milling, molding, and mass production.

For OEMs, shifting to a streamlined, vertically integrated approach delivers several benefits over the traditional siloed process, which involves numerous vendors handling different stages of the manufacturing process.

Here are five specific ways vertical integration benefits OEMs.



1. Nimble problem-solving

Manufacturers with robust on-site capabilities provide expertise early in the project process. Lab testing and technical support help create solutions and clear hurdles efficiently. Because OEMs collaborate directly with in-house material scientists and engineers to meet product challenges, they can focus directly on solving problems and pivot quickly as needs change.

2. Quality control and consistency

By controlling the full supply chain, vertically integrated manufacturing partners avoid supply disruptions. As projects evolve, they can rapidly respond with expertise, while safeguarding the quality of the product throughout its life cycle.

3. Shorter lead times

A hallmark of vertically integrated manufacturing is streamlined logistics, which translates to shorter lead times. Like a game of telephone, as more players are brought into the process, the chance of a communication or logistical breakdown increases. Projects move faster and more efficiently when each step is designed, tested, and built leveraging the expertise of a single partner.

4. Higher standards for compliance and sustainability

Vertical integration requires investing in high-quality machinery, extended hours of operation, and more physical resources. Such an operation is held to a higher standard of quality and safety compliance. In addition, vertically integrated manufacturers are in a unique position to initiate sustainability measures that benefit customers, their personnel, and the global community.

5. Better ROI

By overseeing the full supply chain, a vertically integrated manufacturer benefits from greater buying power, which translates to cost savings and competitive pricing for customers. Additionally, as an end-to-end partner, manufacturers with in-house capabilities gain insight into their customers' evolving needs. They're able to develop new products or materials for greater return on investment.

Manufacturers with robust internal capabilities can manage each step across a product's development-to-delivery spectrum on-site. In turn, OEMs benefit from an efficient process that delivers reduced costs, single-source expertise, consistent quality, and streamlined logistics.



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Manufacturing is more than just putting parts together. It's coming up with ideas, testing principles, and perfecting the engineering, as well as final assembly.”

– James Dyson,
Inventor and Entrepreneur

Together We're Capable of Almost Anything

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For more information, visit www.CDIProducts.com.

**Corporate Headquarters
and U.S. Manufacturing:**
8103 Rankin Road
Humble, Texas 77396
Phone: +1 281.446.6662

Asia-Pacific Manufacturing:
10 Tuas South Street 5
Singapore, 637792
Phone: +65 6861.6811