GLOBAL SOURCING STRATEGY

Navigating the Next Industrial Realignment

Richard Huang

NOVEMBER 11, 2026

Where I work: ASSA ABLOY, the global leader in access solutions





Own operations, countries

+70

Employees

64,000

Sales, USD billion

15.5



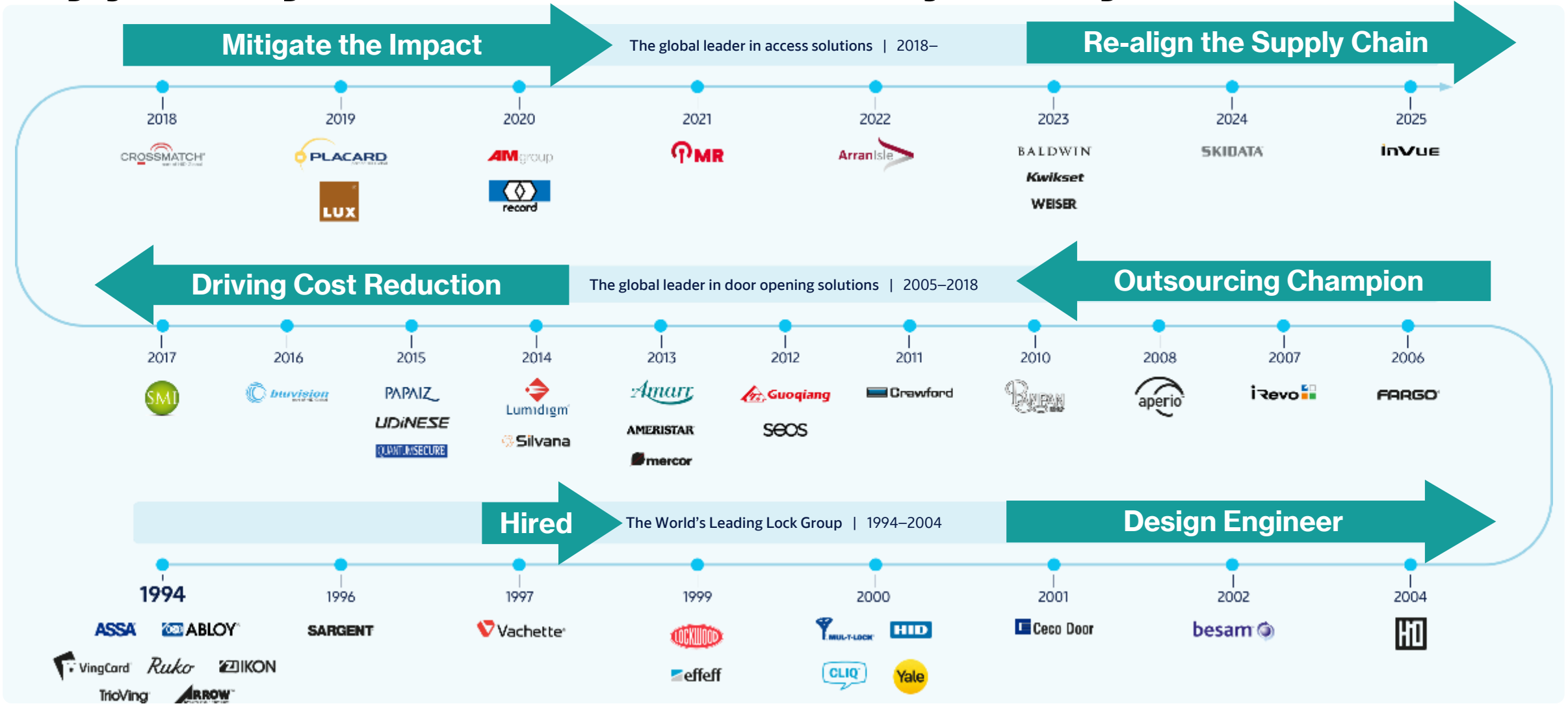




ASSA ABLOY

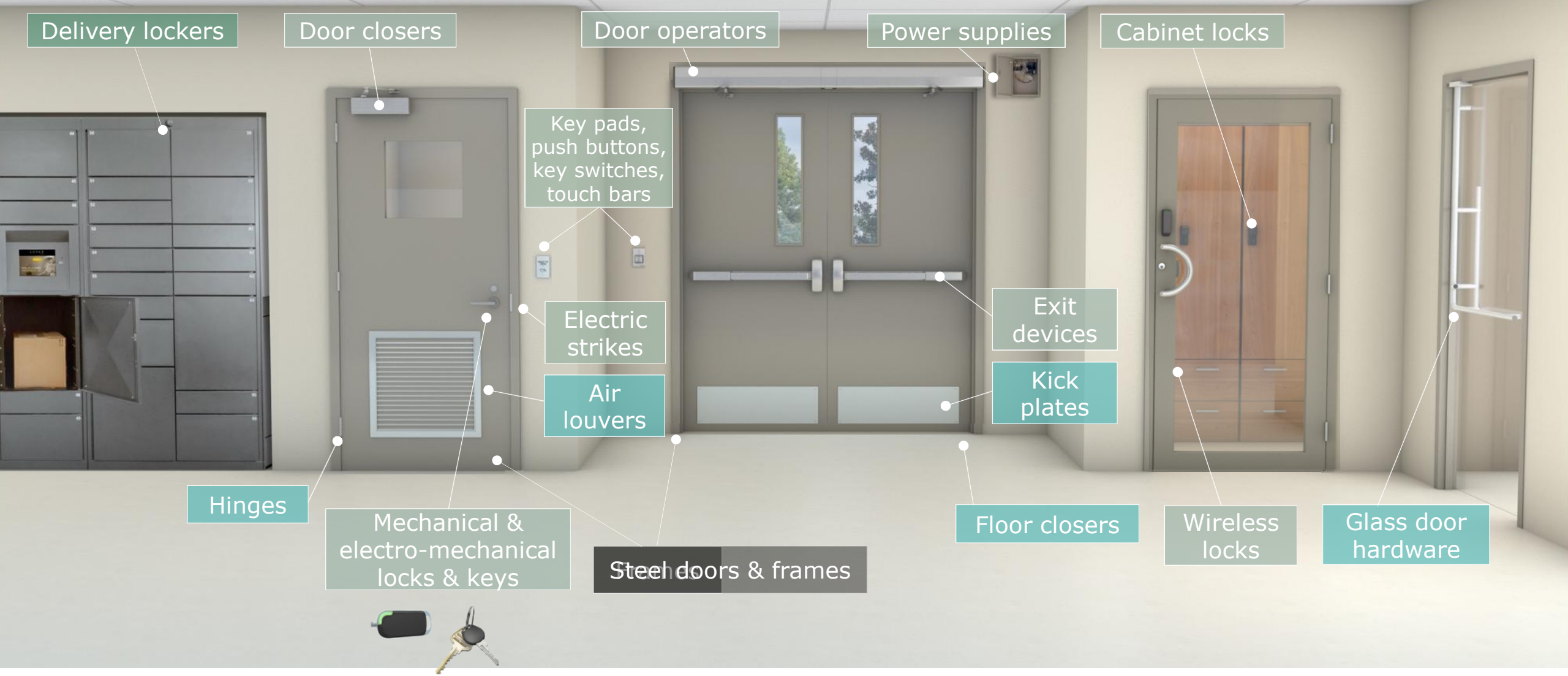
Public

My journey within ASSA ABLOY's journey



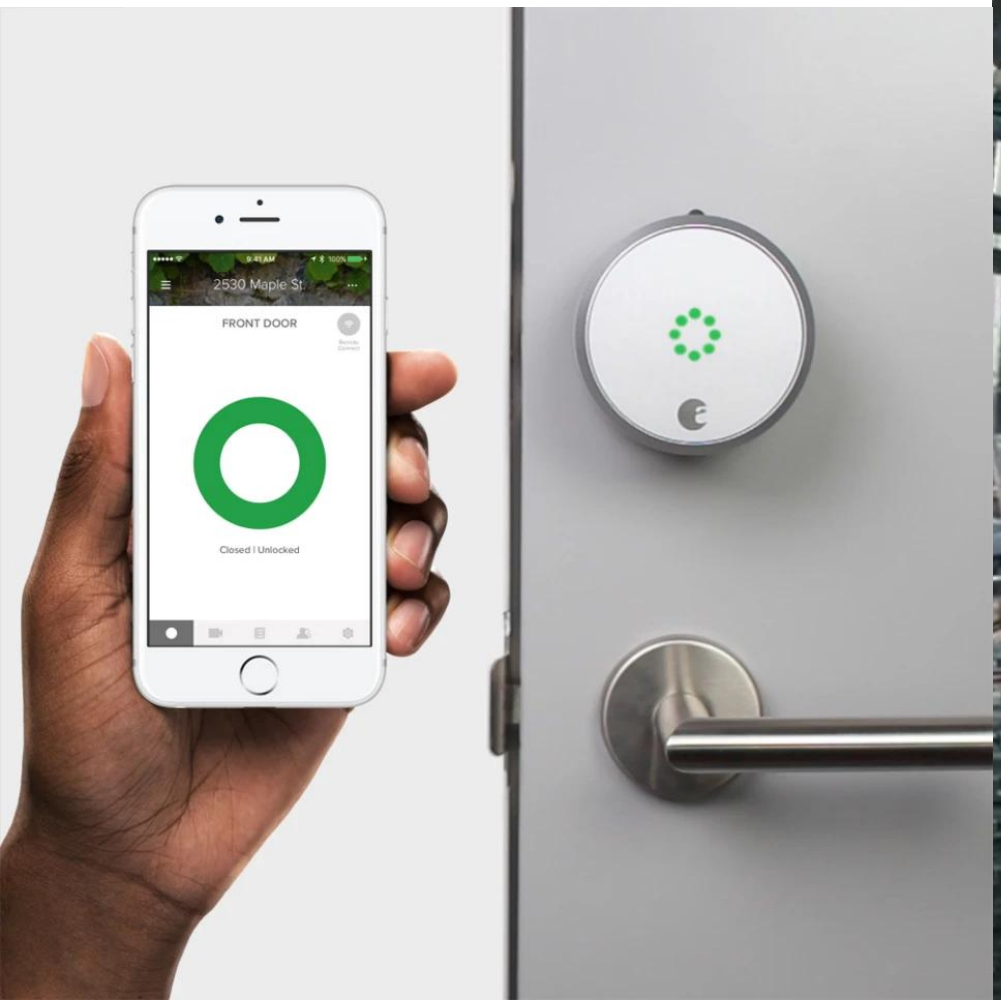
Public

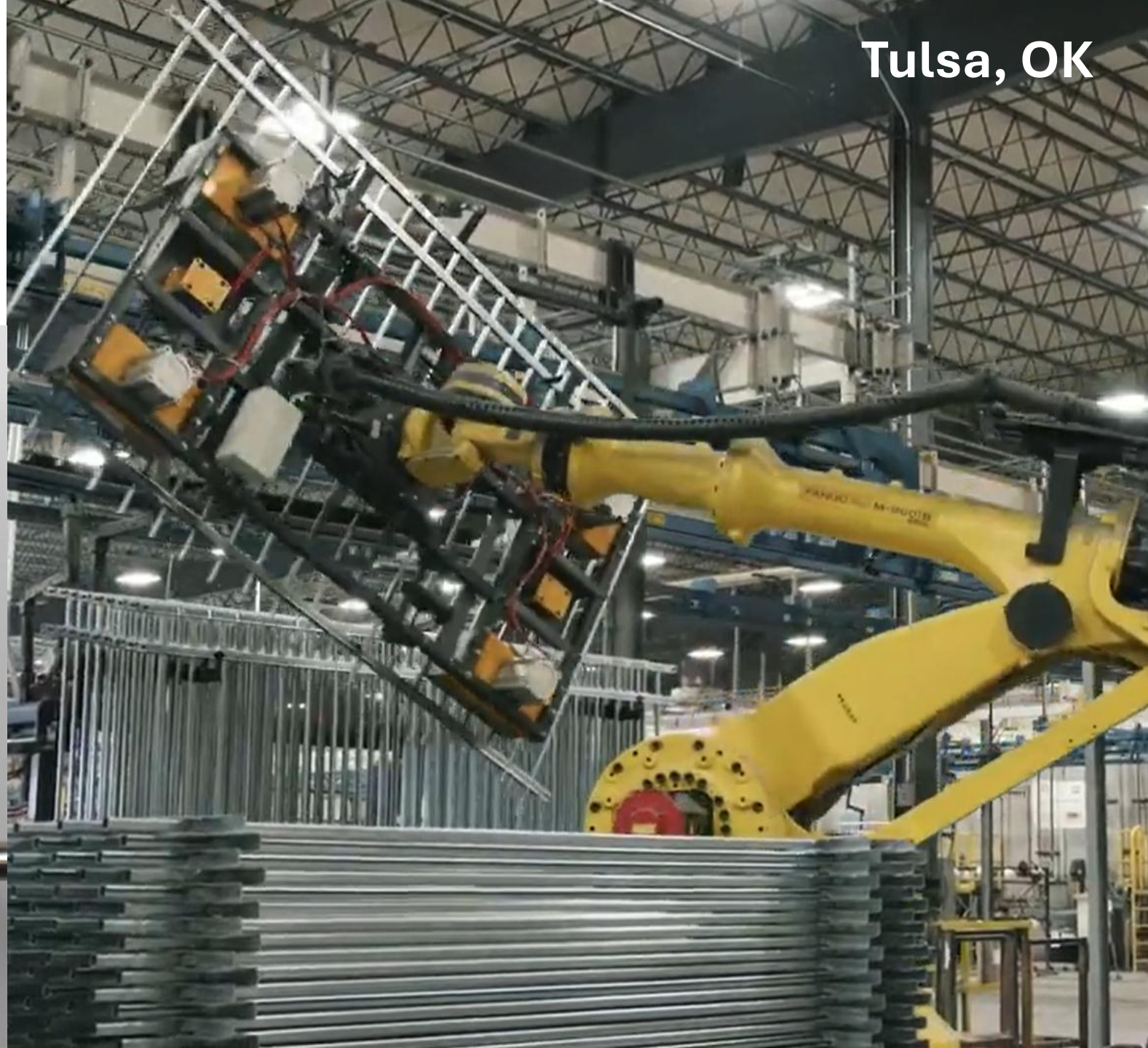
ASSA ABLOY Commercial Product Offering



Public

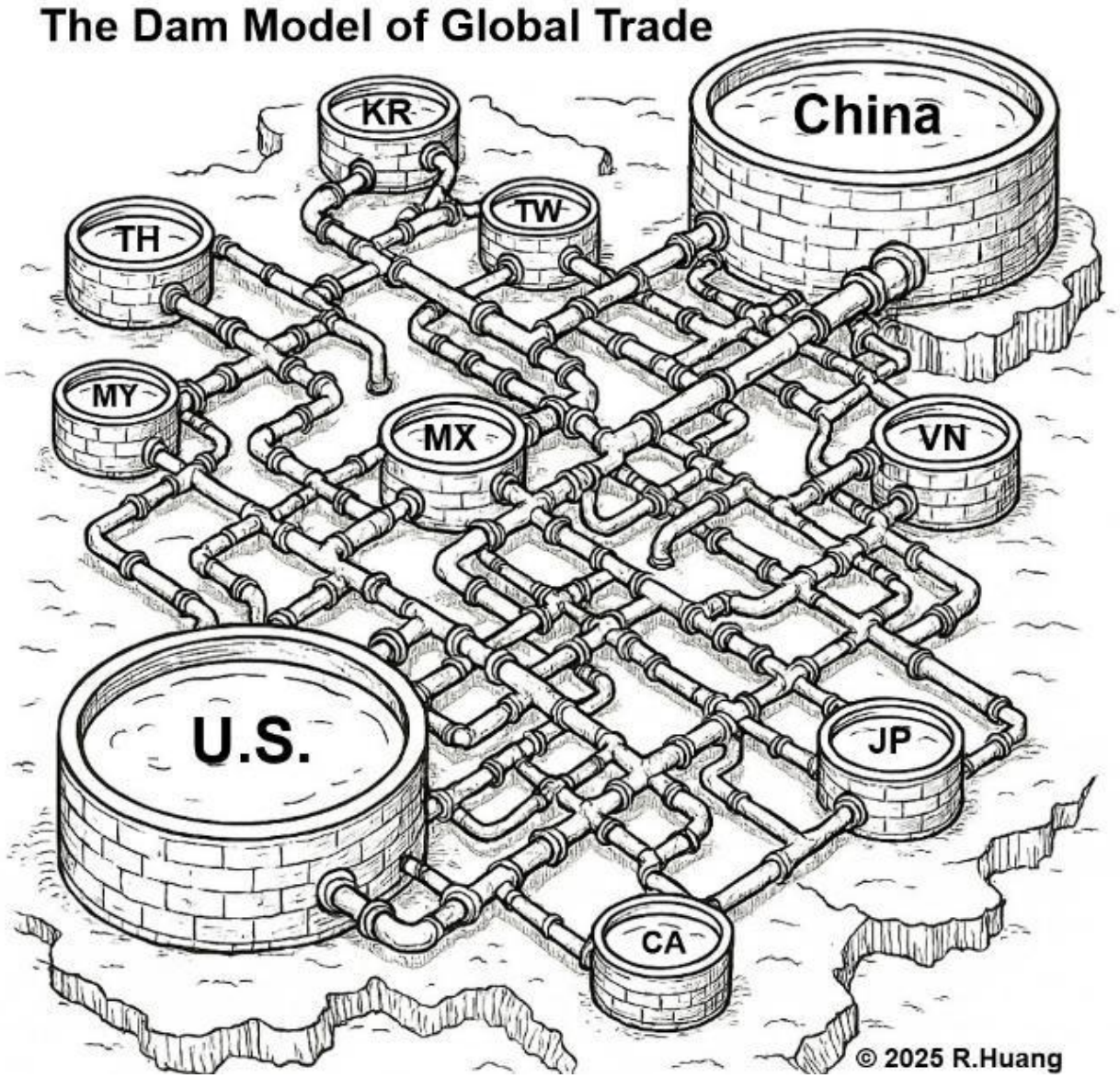
Also worked on:
From Smart locks to Industrial fences





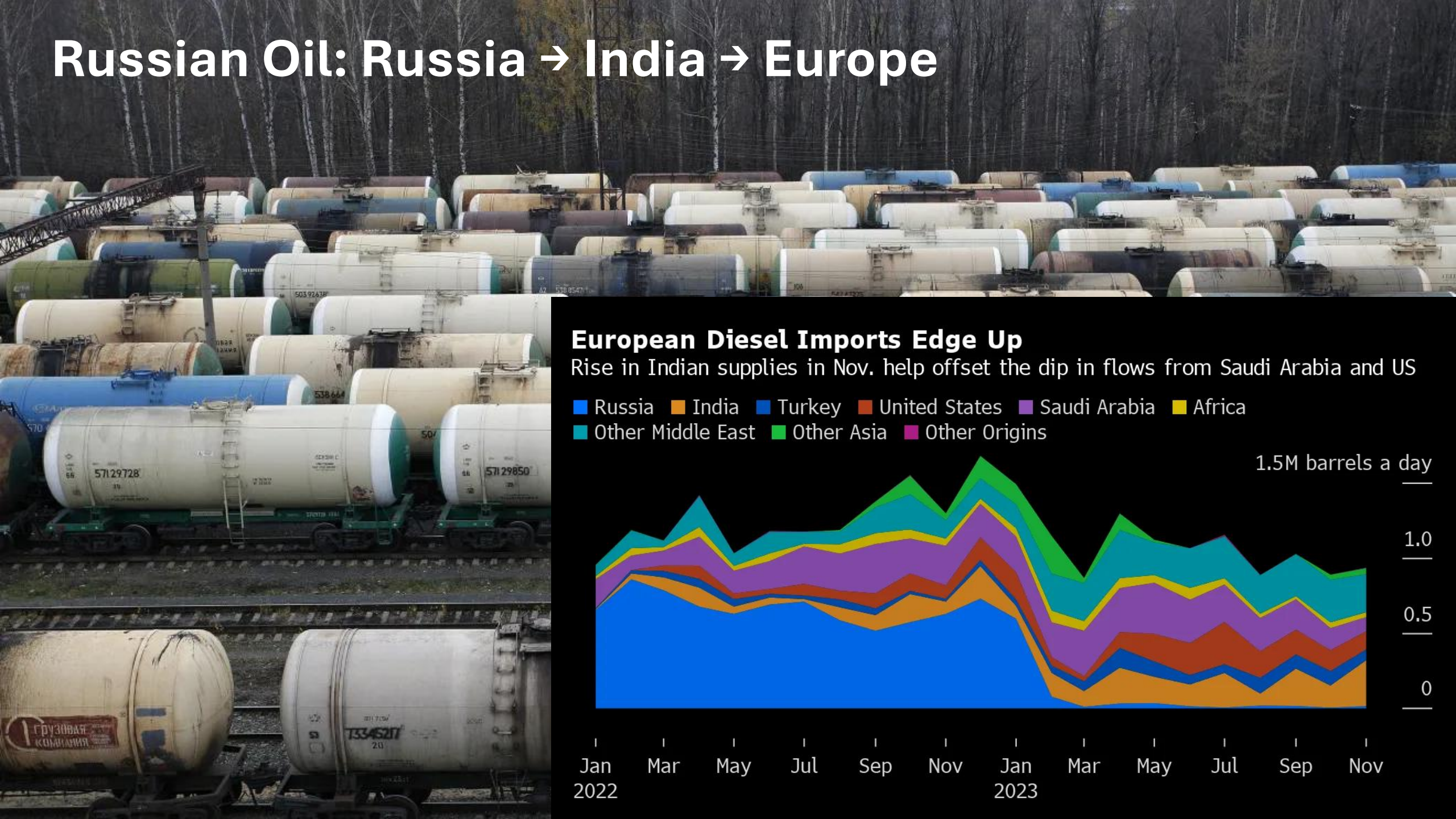
What is the Dam Model

- Global trade behaves like water. It flows from high reservoirs of production to low basins of consumption.
- Tariffs, export controls, and trade rules act as valves, slowing or redirecting the flow.
- When one valve closes, due to policy or conflict, the water doesn't stop; it reroutes through intermediary floodplains like Vietnam, Mexico, or India.



Public

Russian Oil: Russia → India → Europe



Russia Oil

The Trade Rerouted. Then the Rules Changed.

- 2023 · Europe replaces Russian diesel. The EU banned direct imports of Russian diesel in February 2023. India helped fill the gap.
- The IEA found that from early 2023, Reliance's Jamnagar refinery sourced about one-third of its crude from Russia and sent about 40% of its diesel exports to Europe.
- 2025–26 · Washington and Brussels target different links. Trump imposed an extra 25% U.S. tariff on Indian goods in August 2025 over India's purchases of Russian oil. The EU separately barred specified fuels refined from Russian crude in third countries.



Public

The Farm Model

What allows a factory to take root, grow, and keep getting better?

- **Soil** — The physical foundation: access to materials, energy, and infrastructure.
- **Fertilizer** — What builds capability: skilled workforce, equipment, tooling, and know-how gained from experience
- **Climate** — What makes it worthwhile to invest: customer demand, competition, industrial policy, and business conditions.

The Field is the ecosystem around the factory: suppliers, toolmakers, repair shops, engineers, and customers. A deeper Field gives a factory more ways to solve problems, recover from setbacks, and take on harder work.

Public

Wisconsin produced about one-quarter of U.S. cheese

- **Soil** · A great milk supply close to the dairy plants
- **Fertilizer** · The ability to make and improve cheese making: Skilled cheesemakers, specialized equipment, and process knowledge turn milk into quality cheese.
- **Climate** · Institutions that support investment and learning




Zhengzhou, China

Henan’s Diamond Farm

High-Pressure High-Temperature (HPHT) Press

- **Soil:** Graphite feedstock, reliable power and cooling, and industrial sites equipped to run large banks of presses.
- **Fertilizer:** Press builders, skilled operators, and accumulated know-how. Repeated production teaches teams how to control pressure and temperature, maintain the presses, and achieve consistent diamond grit.
- **Climate:** Demand for cutting, grinding, and polishing tools gives firms a reason to invest. Zhengzhou’s industrial policy supports specialized equipment, materials research, and workforce training.



Public

THE DAM MODEL

Where is pressure building

Pressure

Capacity, costs and demand create incentives to move goods.

Pipes

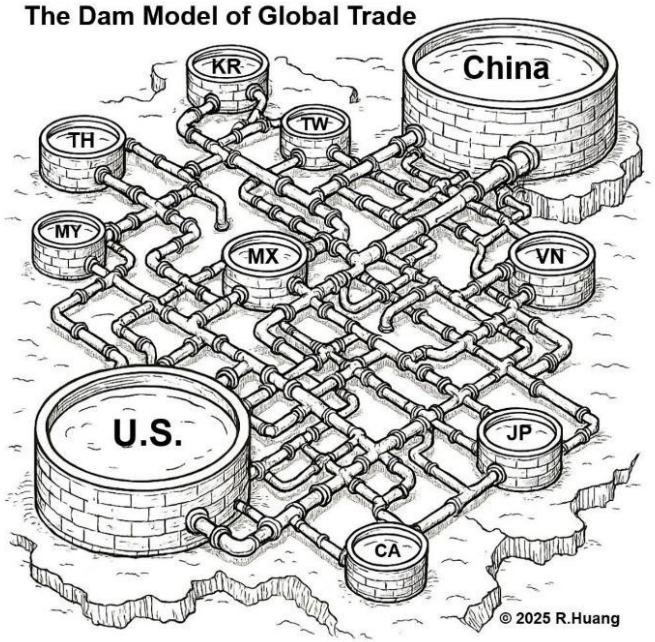
Logistics and trade routes, commercial networks carry them.

Valves

Tariffs, sanctions and trade rules shape access.

Basins

Markets and production locations absorb and/or transform goods.



2018
Tariffs arrive, line by line

2018–19
Absorb the cost: negotiate, time inventory

2019–22
New question: where should this be made?

2022 on
Suppliers move themselves

2025
Settings change again, and keep changing

Public

China Plus One

A Second Production Base

- The strategy. Keep production in China and add capacity in another country to reduce dependence on a single location and give yourself more options as costs or trade rules change.
- What moves first. Final assembly and selected processes can move while components, tooling, and engineering support still come from the original cluster.
- What develops over time. As orders grow, local suppliers and engineers have more opportunities to learn, invest, and take on more of the work.



Public

When production moves, ask what moved.

LAYER	WHAT MOVED	WHAT I SAW
Final assembly	**Moved first**	Fixtures, people, training
Simple processes	**Mostly moved**	Stamping, cutting, punching
Supplicated processes	**Partly, slowly**	One new site could extrude and punch, not precision machining
Tooling and dies	**Mostly stayed**	Built at the home plant
Engineers, managers	**Travelled with the supplier**	Then, gradually, local hires
Equipment, key parts & materials	**Mostly stayed**	Same upstream suppliers as before

This answers the puzzle: **the farms moved; the Field behind them mostly didn't.** Capability does move, mostly with people, and slowly.

Public



Bac Ninh, Vietnam

Bắc Ninh

You Can See the Supply Chain on the Street

- Chinese manufacturers expanded into an existing electronics cluster. Bắc Ninh already had a Samsung-centered manufacturing base. Chinese investment picked up after the 2018 tariff increases, followed by another strong wave after the pandemic.
- People and services followed the factories. Engineers, managers, and equipment suppliers arrived. Restaurants, shops, and language schools adapted to serve them.
- The Field is taking shape. The restaurant signs are visible evidence that the industrial shift is changing daily life beyond the factory gate. The next test is whether local suppliers, toolmakers, and engineers can take on more of the work that factories still source from China.



Public

BASF
We create chemistry

Zhanjiang, China

First Products from Zhanjiang Verbund



BASF has successfully commenced production of the first products from the core of its Zhanjiang Verbund site in South China, marking a significant milestone in the company's largest single investment project to date.

With several downstream plants now in operation, the new capacities will further enhance BASF's capabilities to meet fast-growing market demand in China and across the Asia Pacific region, serving customers from various industries.

BASF Zhanjiang Verbund

- Full construction of the core began in September 2022, after Russia’s invasion of Ukraine.
- The steam cracker started up in January 2026, and BASF inaugurated the €8.7 billion site in March.
- The gas shock raised costs at Ludwigshafen while BASF was building out Zhanjiang, a deepwater port connecting feedstock, production, and customers.



Public


Phoenix AZ

TSMC Arizona

What It Takes to Bring a Fab Up to Speed

- **Soil** · Build the physical foundation. A fab needs reliable power, ultrapure water, and a steady supply of specialized materials. TSMC began building a water reclamation facility in Arizona to support long-term operations.
- **Fertilizer** · Bring the tools and teach the work. Equipment and process recipes can travel. Teams also need the know-how to install and calibrate tools, spot subtle changes in the process, and troubleshoot together.
- **Climate** · Make the investment viable. The U.S. CHIPS Act award provided for up to $6.6 billion in direct funding to support TSMC's Arizona expansion.



Public



Taiwan

A mature Field. Fabs, materials suppliers, equipment service teams, and universities have worked together for decades. A difficult production problem gives several firms a chance to learn, and that experience carries into the next job.

When the next fab opens, which problems will Arizona’s suppliers and engineers already know how to solve?

THE FARM MODEL

Would you commit to this farm for five years?

TODAY

The apple analogy

It tastes good. The price is right.

BEFORE YOU COMMIT

The farm

Meet the farmer. Check the soil, fertilizer, and climate.

OVER THE NEXT DECADE

The industrial Field

Look at equipment providers, automation services, engineers, and the work that sustains them. And beyond that, the home market, adjacent industries, industrial ecosystem, etc.

Three, five, ten years from now, will that Field be deeper or thinner?

Public

FARM MODEL

What can the Field do for the next factory?

FOUNDATION

Soil

Materials, energy and infrastructure.

COMPETENCE

Fertilizer

People, know-how, tooling and equipment.

INVESTMENT CONDITIONS

Climate

Policy, institutions and commercial stability.

Field depth shows up in who can build, repair and improve what a factory needs.

Public

ASSA ABLOY HARDWARE

What travels with a hardware order?

AT THE START

A drawing

Dimensions, tolerances, finish and how the hinge has to work.

OVER REPEAT RUNS

Production problems

Variation, tool wear, finish consistency and corrective actions.

AFTER YEARS OF WORK

Process knowledge

Better tooling, more stable output and judgment about what to change.

Where you place repeat orders helps shape where production knowledge grows.

Public

ASSA ABLOY HINGES

When does a supplier become a better manufacturer?

Make it to print	Can the factory repeat the required dimensions and finish?
Understand the function	Does the supplier know why the fit, movement and finish matter?
Improve the process	Can it diagnose the problem, change the tooling, automate and prove the improvement?

The third step often depends on specialists outside the plant.

Public

FARM AND DAM

Trade rules, orders and skills move on different clocks

Trade access	Weeks or months for a policy change to affect landed cost or market access.
Sourcing decisions	Months or years to qualify a source and shift volume.
Industrial capability	Years of production, investment and learning to deepen a Field.

Assembly can move while die repair and process engineering stay behind.

Public

SOURCING DECISION

What would make you change your mind?

DAM

Watch the pressure

If trade access, landed cost or spare capacity changes, revisit the volume split.

FARM

Watch the Field

If critical skills disappear, costs creep up, rechart your future path.

Agree on what you'll watch and when you'll have to make the next move

Public

Making Decisions in a Changing World

01 OODA Loop

Observe. Orient. Decide. Act.

Shorten the cycle between seeing change and responding.

02 Bayesian Updating

Let evidence change your judgment.

Revise your view as new information arrives.

03 Systems Thinking

See capabilities, flows, and feedback.

Use Farm-Dam to understand dependencies and the different speeds of change.

04 Scenario Planning

Prepare for several plausible futures.

Test your strategy under different conditions.

How do we stay open to change without becoming trapped by fixed narratives?