OPERATIONS / 5 MIN READ

Reshoring Isn't Just for Factories

When you buy on price alone, the real costs appear later.

KEY TAKEAWAYS

01
Many companies outsourced finance and operations on the same logic that sent factories overseas: the lowest rate wins. The real costs show up later.

02
The invoice leaves out constant ramp-up, context that never builds, rework, and no one who owns the outcome.

03
Software raises the floor of what a small team can produce. Experienced people, embedded in the business, raise the ceiling of what it can decide.

The conversation about American reindustrialization has mostly been about physical things: fabs in Arizona, shipyards in Pennsylvania, drone lines in Ohio, battery plants across the South. That focus makes sense. For thirty years we optimized supply chains for unit cost, and then a pandemic, a war in Europe, and a shipping crisis showed us what that efficiency had cost. We had traded resilience for a lower price per part.

A factory is only one part of an operating company, though. Behind every production line sit the functions that decide whether it runs well: finance, operations, planning, compliance, and the judgment of the people who lead them. Many companies outsourced those functions on the same logic that sent manufacturing overseas. They picked the lowest rate, the most scalable vendor, and the cleanest line item.

The lesson from manufacturing applies here too. When you buy on price alone, the real costs appear later. Murphy's law says anything that can go wrong will. Finagle's corollary adds: at the worst possible moment.

01 The hidden cost of the lowest bid

Growing companies face a familiar problem. They are too big for the founder to keep running the books and the operations, but too early, or too lean, to hire a full-time CFO or COO. A senior executive hire can cost several hundred thousand dollars a year once you add equity and benefits, and it is a hard decision to undo if the company changes direction.

So they augment. They bring in a bookkeeping service, an offshore FP&A team, a marketplace freelancer, or a rotating bench of contractors. On paper this works. The hourly rate is low, the contract is flexible, and nobody new shows up on the cap table.

What doesn't show up on the invoice is everything else:

- **Ramp-up time, again and again.** Every new contractor has to learn your business from scratch. When the person on your account changes every few months, you pay for that learning every few months.
- **Context that never builds up.** A financial model isn't a commodity. The person building it needs to know why a big customer churned last quarter, how your government contract bills, and what your lead investor actually worries about. A transactional vendor rarely learns those things.
- **Rework.** Work done without context often has to be done twice: once by the vendor and once by someone on your team who understands what was actually needed.
- **No one who owns the outcome.** A vendor delivers what the statement of work says. A partner cares whether the company hits its number.

None of this is a criticism of the people, many of whom are talented. The problem is the model. When a relationship rests on price alone, attention goes to the next deliverable, and the long-term health of the company is nobody's job.

02 What a relationship buys you

In aviation, crews that regularly train and fly together perform better than crews of strangers with the same qualifications. Everyone knows the procedures. What changes is trust and ease of communication: the co-pilot knows how the pilot-in-command thinks, and speaks up when something looks wrong. We describe the company version of that discipline in The Other CRM[1].

Senior advisory work runs on the same principle. When a company brings in fractional leadership, it is paying for

judgment more than hours, and judgment only develops with context and trust. A good fractional partner gives you:

- **Continuity.** The same senior people every month, who remember your earlier decisions and the reasons behind them.
- **Candor.** An advisor with the standing to challenge your projections will tell the CEO that a forecast is too optimistic, a hire is early, or the pricing is wrong, before the board does.
- **Accountability.** Specific people whose reputations ride on your results. Your requests do not go into a support queue.
- **Pattern recognition.** People who have already been through the milestones you are approaching: a first audit, a large contract, an acquisition.
- **A network.** Direct introductions to lenders, agencies, and operators. No software subscription comes with those.

You can't get these from the cheapest option, because none of them can be priced by the hour.

03 Software raises the floor. People raise the ceiling.

We are not nostalgic about spreadsheets. Modern SaaS has changed how growing companies run. Cloud accounting, spend management, cap table tools, and AI assistants now do in minutes what used to take a team of analysts days. Every company we work with should be using them, and we help clients choose and set up the right stack.

But software handles transactions. It does not make decisions. A dashboard can show that your runway fell from eighteen months to eleven. It cannot tell you whether to cut spending, raise a bridge, or chase the one contract that would change the picture. It does not sit in the board meeting, call the lender, or explain a variance to a program office in a way that keeps its confidence.

AI makes this truer, not less true. When producing analysis costs almost nothing, the scarce resource is knowing which analysis matters and what to do about it. Tools raise the floor of what a small team can produce. Experienced people raise the ceiling of what that team can decide.

The best arrangement uses both: software for scale, and experienced people for the decisions, working inside the business.

04 What reshored services look like

If the reindustrialization movement is about bringing critical capability back where it can be relied on, the services version rests on a few principles:

- **Senior and embedded.** The senior people you meet at the start are the people who do the work. They become a regular part of your leadership team, not an outside vendor.
- **Grounded in your operating environment.** U.S. regulation, contracting, and capital markets make their own demands: DCAA-compliant accounting, FDA pathways, state licensing, the federal acquisition rules. Local knowledge matters.
- **Sized to your stage.** Executive-level thinking without the commitment of a full-time hire, scaled up or down as the business changes.
- **Built to hand over.** The aim is a finance or operations function that runs without us. We count it a success when you hire a full-time executive into a system that already works.

05 Choosing a partner

If you are weighing fractional support, the rate matters, but it shouldn't be the first question. Ask these instead. Who will actually do the work? Will that same person be here in a year? Have they operated in my industry, or only advised it? Will they tell me something I don't want to hear? When the engagement ends, what will I own that I didn't have before?

The companies building America's next industrial base (in defense, energy, healthcare, and advanced manufacturing) are learning that resilience is worth paying for in their supply chains. The same is true of the leadership that runs them.

Growth is rarely a straight line. Your partners should be able to handle the turns with you. ■

REFERENCES

01 nonlinearadvisors.com/insights/the-other-crm/

Nonlinear Advisors
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