

Bring it on home....

For some years now we have been hearing about how the Far East is becoming the manufacturing powerhouse for the world, and how the UK would become nothing more than a service based economy.

During that time there have been many people, including me, who have expressed doubts that it could continue to be so indefinitely. There have always been certain issues with having production so far away, issues that would include transport (time and cost) control of operations, quality and intellectual property rights. Larger corporations who have the wherewithall and financial strength to operate their own manufacturing bases so far away are protected from these concerns because they have supervision on the ground but the majority of companies buying from the Far East do not have that luxury.

Fuel costs have led to ever increasing transport costs and shipping is becoming very expensive when compared to original budgets. A shortage of ships, of late, has also led to longer and longer delivery times which also adds to the cost, not least because larger stocks are required to allow for delays.

Wage rates in the region are increasing and, although they started from a very low base, they are impacting on production costs - and, anyway, where items are produced using the latest, high tec equipment, labour costs are often a small percentage of production costs.

The protection of intellectual property rights is going to be a problem for a long long time and may never be resolved adequately.

The biggest problem, though, is quality. It is difficult to be absolutely sure of quality standards unless you are actually there at the sharp end. If you have to wait up to two months from the time of shipping to the time of local inspection you will probably be looking at damaging delays in supply.

In a recent survey of manufacturers, in the Midlands, 16% of respondents said that they had either repatriated some of their manufacturing or were considering doing so. The overriding reason given for this action was quality. Not shipping costs, not IP rights but quality. They were all convinced that the Midlands was better able to supply quality goods than they were in the Far East.

Those of us involved in manufacturing, in the Midlands, have always known this.

If there were to be one main reason for manufacturers not bringing work back (or not shipping it out in the first place) it would be the high cost of labour in the UK. We do not want to be a low cost economy and so we have to increase productivity. To do this we need to invest more in equipment and processes and, more importantly, in skills.

An alarming report this week found that a single digit percentage of young people were thinking about careers in production. We have to stop messing about with 'mickey mouse' education systems, show the kids where they can find an exciting future and provide the training to turn them into the engineers of tomorrow. We have had experience in trying to recruit from a so called Technology College, and what a waste of time that was.

We have had some excellent people passing through apprenticeship programs with this company but it is also true that a lot of the applicants are totally unsuited because their levels of educational attainment are nowhere near where they need to be, because, to a large degree, they have been neglected. We have got to create an environment where young people think of manufacturing first, before they think of careers in digital arts or performing arts or any of the other 'flavour of the month' subjects.

To this end JCB have to be congratulated on their engineering academy in Rocester, we could do with more.

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