

UK Manufacturing: Interesting times ahead

The outlook for UK manufacturing might best be described as 'interesting'. Despite its well-documented, long-term decline, largely brought about by off-shoring to low labour cost countries (LLCCs), reports of UK manufacturing's demise have always been greatly exaggerated. Certainly today, in common with other mature developed economies, UK manufacturing represents a smaller proportion of our economy than it once did, both in terms of GVA (gross value added) and employment. But it has adapted...

In this white paper, electronics engineers and designers will find out how competitive make-to-order manufacturing in the UK is possible. Phil Scotcher, General Manager, TDK-Lambda UK, explains.

References

www.uk.tdk-lambda.com

UK Manufacturing: Interesting times ahead

Phil Scotcher, General Manager, TDK-Lambda UK

The outlook for UK manufacturing might best be described as ‘interesting’. Despite its well-documented, long-term decline, largely brought about by off-shoring to low labour cost countries (LLCCs), reports of UK manufacturing’s demise have always been greatly exaggerated. Certainly today, in common with other mature developed economies, UK manufacturing represents a smaller proportion of our economy than it once did, both in terms of GVA (gross value added) and employment. But it has adapted...

By producing higher-value goods, for industries such as aerospace or electronics, manufacturing remains vital to the UK economy, contributing 10% of GVA and almost half of exports. It directly employs 2.7 million people and has clawed its way back into the top ten of global manufacturers – accounting for two thirds of business R&D and 14% of total business investment*. And reports of ‘re-shoring’ – manufacturing returning to the UK from LLCCs – are increasing.

However, as with the rest of the UK economy, manufacturing faces an uncertain future, with the impact of Brexit not yet fully understood. In the short term, a fall in the value of sterling has helped boost UK manufacturing exports, but the impact of a corresponding rise in the cost of imports has yet to be fully felt. Moreover, how trade arrangements and labour market availability, both with Europe and the rest of the world, will be affected is not yet known.

But against this backdrop, I believe UK manufacturing should feel positive about its future and ability to compete effectively on the world stage. And the UK government’s recent Industrial Strategy green paper offers encouragement on investment in science, research and innovation, as well as on tackling the STEM skills gap to help people and businesses thrive.

** source: EEF 2016/17 UK Manufacturing Fact Card*

There has been manufacturing at our facility in Ilfracombe, North Devon, for more than 50 years, and we have continually invested in advanced systems, capabilities and processes - £2.3M over the past five years alone. This, combined with a clear and effective manufacturing strategy, has helped ensure our UK manufacturing operations remain globally competitive.

After working with LLCCs, including China, for more than 20 years, we have an excellent understanding of LLCC costs. We rigorously analyse every make-versus-buy decision to ensure they are robust and commercially sound. For example, most of our build-to-print parts, including mouldings and PCBs, are sourced from LLCCs, as are some high volume sub-assemblies. However, for final assembly of the finished product, it is often more cost-effective for this to take place closer to the customer, thus maximising responsiveness and minimising lead time.

Alongside labour, the other major cost differentiator is shipping, with air freight up to five times more expensive than sea – which is slower by a similar factor. Our hybrid sourcing model helps close the cost gap, combining and optimising the cost benefits of LLCC manufacturing with the responsiveness of local assembly.



QM modular power supplies are made to order in the UK

Of course, our new QM modular power supply could be 100% manufactured and assembled in an LLCC – but would it make sense? Customer requirements demand mass customisation, with a high mix, low volume, variable demand model. Careful, deliberate design for manufacture, underpinned with state-of-the-art manufacturing tools, systems and processes, including computer-aided assembly stations, automated optical inspection and lean manufacturing, help optimise the labour content. Global logistics and supply chain, alongside efficient integrated quality, planning and control systems, enable competitive make-to-order manufacturing in the UK and responsive industry-leading lead times. The future for UK manufacturing remains very interesting indeed.

For more information about power supplies from TDK-Lambda, please visit:

www.uk.tdk-lambda.com

www.uk.tdk-lambda.com/qm

You may also contact the author with any questions or comments at:

powersolutions@uk.tdk-lambda.com

TDK-Lambda

TDK-Lambda UK Ltd

Kingsley Avenue

Ilfracombe

Devon EX34 8ES UK

+44 (0)1271 856600

powersolutions@uk.tdk-lambda.com

www.uk.tdk-lambda.com