



PRINT FOR PROFIT #33

THE CHINESE MANUFACTURERS INFLUENCE

Hundreds of screen printing machines thousands of operators production runs of hundreds of thousands in a land far away. Wonderful food, charming people, 1,400,000,000 of them. 400 of the worlds' top 500 companies have manufacturing facilities in China. 2000 years ago the Chinese were screen printing and now screen printing is emerging as one of the foremost production processes in this vast country.

The DSPA has published a report on the printing industry in China and it landed in my box whilst Carol (my business partner) and I were working in Southern China. The one company we were working in employed 6000 people a quarter of whom were involved in either screen or pad printing. In total there are 30,000 employed in five plants with the ratio of printers being similar throughout. Just imagine the amount of mesh, inks, emulsion, squeegee, printing plates etc. they consume. Not to mention the training structures that has to be in place.

In spite of this enormous labour resource their market is growing so fast that it is virtually impossible for their manufacturing base to keep up with the demand. That gives the more mature economies a real opportunity not just in China but also in their home markets. The West is buying vast amounts of goods from China and investing in manufacturing because of the low labour costs 30 pence per hour. So, you may say how can we compete? Well, our brief is to automate our clients' production process because having hundreds of people in a print department operating single colour machines is an organisational and process control nightmare. Experience has taught us that the fastest way to lose money is to produce rejects and have machine downtime just imagine what likelihood there is for these losses to occur in this situation with so many machines and partially trained operators. A ten-colour job, ten machines 2.5% rejects per machine, 25% rejects overall as the norm, scary! Production schedules with 50% waste allowances. That still happens in this country, which is even more frightening.

For some reason there is a reluctance in the UK particularly in screen printing to be the best. People would rather "get by," "keep going," "make it work," "manage till next year." As long as life is comfortable they don't want to change. If we are to compete in world markets we have no alternative but to strive to be the best.

Take a walk around the shop floor calculate the average age of your equipment, don't miss out the 20 year old flatbed or the ten year old dryer. It is likely that the average figure will be at least twice the length of time you would keep your car. Old doesn't necessarily mean inadequate. Well maintained a flatbed or cylinder press can be a precision printing device even if its age is in double figures. But how often are these old fellas in full working order? Very rarely in my experience. A 10 year old digital press will be on the scrap heap a three year old computer would have been upgraded. 10 year old dryers are likely to be so inefficient you could get payback in 12 months with reduced power bills and increased output if you invested in a new one. The dryer is the governing factor when it comes to production efficiencies. Quite simply you can only print as fast as you can dry. For some reason the dryer is considered secondary, it determines the ink system, the drying and curing rate. Old dryers can contaminate the ink film shrink the substrate and produce savage fuel bills.



Of course we come back to the old chestnut, stencil production. Why do so many people build in problems with inadequate stencils? Remarkably there are still companies who insist in working under unsafe lighting. Others refuse to dry the emulsion sufficiently. Mesh tensions are measured digitally, that is tap it with a finger. The only element of repeatability is that the stencils are going to have to be remade again and again.

This really does seem that all I do is whinge about the shortcomings of the industry. It isn't that at all it is that I care what happens to it. The visit to China has really brought things into focus. There is no reason to be scared of the Dragon Economy if your company is fit and maintaining continuous improvement. Those companies who are apathetic will be consumed by the dragons' fiery breath.

If in China they are looking to automate and reduce labour content where labour costs are 30 pence an hour for production workers and an engineer will get paid £300.00 per month then in the Western economies we have a chance of competing if we also make full use of a skilled work force and provide them with the best equipment. You may say that "they " don't have our Health and Safety and Environmental standards but that is changing, as the major investors in the Far East have to have and be seen to have a responsible policy in these areas and are implementing Western style controls. There is one down side and that is our blessed friends in Brussels who seem intent on screwing up any gains that we make by introducing even more restrictions on business that an army of bureaucrats in the UK implement with unbridled enthusiasm. Give us a break!

Another of the effects of the Chinese is the upward pressure on raw material costs. Ink manufacturers are talking about 15% + price increases in the next twelve months. This is bound to move through all aspects of consumables and substrates as they all use raw materials that are increasingly in demand.

So what can you as printers do about it? Initially resist the price increases but as all suppliers are going to be faced with the same raw material costs you will have to manage the situation. OK you could try to increase prices to our customers but see how the likes of the supermarket chains and automotive industries would react, no way!

The answer is to look closely at your business. An approach worth considering is rather than using just one pair of eyes set up a team of people, try to select a cross section of the workforce. The most difficult choice would be the representative from senior management because he/she must not be allowed to dominate the team. It may be the team leader would be somebody from middle management or supervision. The aims of the team are to stimulate lines of communication within the company and look for opportunities that will lead to process improvement by process I mean any aspect of company procedures and methods. Ideally there should be a team member from each of the departments within the company. There must also be a team administrator who will take minutes and manage information The meetings would take place once a month and ideally if the workforce is large, the team membership should rotate at an agreed interval bringing fresh ideas and making sure that the team isn't seen as elitist. What do you think you will get out of this? At the first meeting not a lot because people will be unsure



of how they fit into the group. If you have really taken a cross section some of the team members may never have been to such a gathering before and although garrulous in the canteen could be tongue tied at the meeting. However once they have relaxed communication will start and the ideas will start to flow. In the first instance set a time slot of 1 hour having provided each team member with terms of reference before the meeting. These terms of reference should also contain examples of improvements that can be or have been made. Simply sitting round a table with people from different departments will be interesting and stimulate ideas. It is crucial that proposals coming out of these meetings produce a reaction from management. Either acceptance and action or a reasoned case for refusal to adopt the proposal. What you are looking for are measurable gains in performance leading to a starting point of 10% increase in net margins for example from 10% to 11%. I think you will find it will be far greater than this. The trick is to be open minded and not judgemental until the proposals have been examined or tested. Ignoring the talent within a company is arrogance remember with every person that is employed you get a brain for free, use it.