

Trading competition for productivity

Swimming with the tide can be a smart survival strategy, Sam Mkokeli discovered

SOUTH African manufacturers need not re-invent the wheel by competing with Asian markets, when they can benefit by trading with them in areas where the local manufacturers do not have a comparative advantage.

This is according to product designers Dot Dot Dot Ex Why Zed Design (...XYZ Design), a company that has seen the benefits of importing tools produced in Asia to help South African production, thereby increasing product quality and the local manufacturer's export competitiveness.

South African manufacturers ought to see themselves as part of a global product production community that combines the best resources from around the world to take a product to market, rather than trying to keep all the processes onshore, says MD Roelf Mulder.

Sourcing some parts offshore is the desired outcome in a world of globalisation, says Hannah Edinger, Frontier Advisory's senior research manager.

She says: "China has plugged into this global product supply chain and production community combining the best resources globally to produce goods and services. While China is seen as the global manufacturing hub, it should be noted that it is largely an assembler, rather than a producer of different parts — one link in the global production chain."

Mulder says: "Instead of seeing ourselves in competition with countries such as China and India,

we should establish relationships with operators in their manufacturing arenas to see how we can support each other's roles within the development production process. South Africans should see themselves as global team players, rather than one-stop shops."

Having a global manufacturing focus gives product developers the dexterity to choose who will contribute the most appropriate components to suit the product, quality and deadline specifications required by clients.

...XYZ Design has commissioned toolmakers from Europe, India and China, and has brought back the designer tools for South African manufacturers to produce telephones, bicycles, vending machines and other products. "We found that using appropriate offshore skills and components is a big advantage in delivering world-class products.

"Our clients demand quality to be globally competitive. We have to select the best product location and process to meet clients' demands and, often, this is not in SA.

"SA doesn't have the all-encompassing manufacturing capabilities to be all things to all people, so we source some of the input we need from elsewhere, although we do make an effort to source what we can locally," says Mulder.

But, for example, South African toolmakers are in short supply when it comes to meeting specific quality standards and timelines, so ...XYZ Design has most of its toolmaking done in China.



South African manufacturers should see themselves as part of a global product production community.

"There is a misconception that Chinese manufacturing is of poor quality. Our experience during the past few years has proved otherwise. They are professional in responding to requests for quotations — often responding within 24 hours. And, as long as we are specific in clearly conveying what we want, they deliver within the required timeframe."

Edinger agrees with that no-

tion. "While the general perception around Chinese goods, manufacturing, construction and so on seems to be of poor quality, this is not the case.

"It is solely dependent on the customer's willingness to pay. One gets what one pays for. If you are willing to pay less, your needs can be met, but the trade-off might be a poorer quality. We have come across this often."

Mulder says SA manufacturers should be smart about dealing with the competitive forces of China, India and other Asian countries. "These countries have far greater human, educational and financial resources than we do, so let's not take them on.

"We should see where we can use what they offer and combine it with our strengths to deliver products to markets," Mulder says.