

# The Manufacturing Report

**If you take any notice of the great chef, farmer and all round foodie, Hugh Fearnley-Whittingstall, you should always know the provenance of the meat you buy! It was with this theme in mind our 'The Big Question' asked six designers if it was important to know the manufacturing origins of the products they specify, and more specifically the badge Made in the UK.**

Commercial interior design is an amazing sector and we wanted to give the 'makers' their moment in the SPOTLIGHT.

This report puts the focus on the UK, although we also take a look on page 53 at some of the key overseas manufacturers. We don't profess to have created the most scientific or indeed 100% comprehensive report but we do hope it will give you some food for thought.

The headline figure for the UK furniture manufacturing industry just passed the £8 billion mark in 2015, up 4.6% on 2014. The bad news for the bosses at UKTI is that imports grew by 8%, with China being responsible for a significant chunk of the pie, and rising.

Our interview with Steve Dixon, the supremo at Johnson Tiles, shows that changes to China's market economy status could have significant effects on the UK sector, potentially putting UK manufacturing companies in a weaker position compared to the government-supported Chinese equivalents.



## Skills

A reoccurring theme throughout our research has been skills. Something that has been at the heart of German economic psyche since the Second World War are apprenticeships. The current UK government has come alive to the value of young people training and is saying all the right things about boosting numbers and driving up the quality of UK apprenticeships. The need to move away from 'invisibles' (banking, shipping, finance) and towards making things has even got David Cameron talking about the 'Germanic approach'.

Whilst on the face of it the government push for apprentices is working, rising significantly since the coalition came to power in 2010, once the surface is scratched it is clear that the aim of boys and girls making things and learning their trade has been hijacked somewhat. It was widely reported that one in ten new English apprenticeships were created at the supermarket, Morrisons. Hardly the beacon of craft the government had in mind.

Whilst great British firms like Jaguar Land Rover follow a similar model to the typical German model of a three year tenure and at least

one day a week of classroom teaching, it appears the majority don't.

You will see from page 47 that the vast majority of the manufacturers we featured do invest in apprentices and most have indicated they are growing those numbers. The Specialist Joinery Group in Craigavon, Northern Ireland, whose recent work has included Estée Lauder (coming soon) and National Grid (page 22) have just opened a dedicated Apprentice Training Academy to nurture fresh talent. Of their workforce, the group employs 18 apprentices. Speaking to Mix, Group Managing Director Ciaran O'Hagan explains: 'We view our Academy as an investment in our ability to deliver client satisfaction. Whilst providing apprenticeships is a fundamental step in retaining our craft skills base, it also delivers wider benefits in terms of employee engagement, retention and commitment. Many former Specialist Joinery Group apprentices can now be found in strategic management roles. The motto is 'look after your staff and they will look after your customers!'.

Training and developing staff is a key theme in many of our Spotlight features and no doubt will also feature in our Mixology 2016 awards as companies show that they are doing their bit for both their teams and the community.

Jonathan Hindle, MD at KI, gives his view and provides some context from

a manufacturer's perspective. 'Hopefully it is clear to everybody that we need to invest in UK manufacturing as a whole to better balance our economy. The statistics for the wider economy still make bleak reading – a widening trade deficit of around £85bn in 2015, declining exports and near-record imports. China alone accounted for around £18bn of this deficit, despite exports increasing by over 13% compared to 2014. Encouragingly, exports to the USA increased by 16% and by 30% to Saudi Arabia over the same period.'

The current head of Department for Business, Innovation & Skills (BIS) is Sajid Javid MP. The Secretary of State is responsible for strategy and policy across BIS.

Some of the department's main policy areas include business law, enterprise and business support, trade policy, science and innovation. Steve Dixon from Johnson Tiles gives Mix Interiors a wide ranging interview on the potential dangers of the current path taken by the government on page 38. The following page sees industry luminaries also add their very experienced opinion to what the Government should be focusing upon.

### UK MANUFACTURING IN NUMBERS

**£8 billion**  
Industry worth in 2015

**4.6%**  
Total worth growth on 2014

**£85 billion**  
Trade deficit

**8%**  
Growth in imports

# Advice to Government

With the EU referendum just a few months away (we're still waiting for Number 10 to apologise for the clash with Mixology!), political debate is everywhere. It's in pub conversations, on daytime TV and in even permeating our workplaces.

So with the heart of this issue dedicated to manufacturing, it's therefore the perfect time for us to discuss the issues currently – and deeply – affecting the UK's manufacturing sector.

We travelled to the Potteries to meet with Stephen Dixon, Managing Director of one of the UK's leading manufacturers, Johnson Tiles, and President of the British Ceramics Confederation, who is keen to explain what these issues currently mean to our businesses – and how they could continue to negatively impact on British manufacturing.

## AMAZING INVESTMENT

'We employ around 400 people and have been making tiles here for a long time – since 1901,' Stephen tells us. 'We make about 3 million tiles every week. That should put us in a really good light in terms of the government. We've invested around £50 million over the past 15 years on the manufacturing plant alone – so really driving what is a world-class, state-of-the-art manufacturing facility.'

'In that 15 years we've doubled the amount of tiles we produce per tonne of carbon we consume. We've essentially doubled our energy efficiency. All our lighting here has are either LED's or extremely high-energy fluorescents. We've changed all our lighting over the past four years and that has halved our electricity bill. We also have heat recovery on our kilns. Any surplus heat that does come off them is channelled back into the system.'

'We're doing this because we should be doing it. Making tiles – making anything for that matter – in the UK isn't easy. It's a challenge. We are one of the most expensive labour rate areas in the world. We are significantly more expensive than the majority of Europe – we are 25% more expensive than Spain and 50% more expensive than Portugal. Therefore, we have to be efficient and we run the plant very, very efficiently.'

## EFFICIENT & SUSTAINABLE

Energy is our second biggest cost behind people. It's a big deal – just short of 25% of our manufacturing costs – and we do everything we can to minimise that cost. I can't categorically prove this, but I'd guess we are probably the most energy efficient tile factory in the world. You'd have thought then, that this is something that would have been supported by our government. At present, we don't feel it is.

'There are things called Climate Change Agreements currently in place and very intense energy users get these – and we also get 100% allowance. These are run by Europe – and I'm not going to Euro-bash here. The issue here is not with Europe – it's more with our own government.'

'Europe has put a proposal on the table that basically means that we would keep those allowances beyond 2020, when everything else is going to change. Our own government has turned around and said 'No, we don't want to do it like Europe has proposed, we want to do it another way'. That essentially means that we would lose 75% of those allowances – and that would cost us £2.5 million a year.'

'The government is basically shifting the allowances from heavy users to very heavy users – such as steel. If you are a very intense user then you'll still

get your allowances. In fact, you'll get more than was being offered by the European Union, so us heavy users will effectively be helping to pay for or subsidising very intense users such as steel. This is the politics around the jobs losses that the steel industry has suffered. This is not just about tile companies – it's about the brick manufacturers and sanitary ware manufacturers as well. I don't think the government really appreciates what it's doing here – and that's why we're down in Westminster doing the lobbying we are. The local MP's are very supportive.'

## FURTHER CHANGE

'What we're doing is, through the BCC, trying to get all the MP's to work as a cross-party group to lobby government – to make them aware of what they're actually doing here.'

'We're not being greedy. We're looking to simply maintain what we've got today.'

'Then there is something called Renewables Compensation – which applies to electricity – and that is even more bizarre! This is again the government's interpretation of European legislation.'

'As things stand, because of the fact that we make more profit than the other leading tile manufacturer in the UK, they'll get compensation and we won't. In other words, the more successful you are, the more you get penalised!'

If you manufacture tiles in Italy or Germany, you already get Renewables Compensation under European legislation.

The governments there already give to manufacturers – so even though, in theory, we are all working under the same legislation, it is the British government's interpretation that we believe is at fault here. They are simply not supporting manufacturing in this country in a consistent way.'

## WHAT THE FUTURE MIGHT HOLD

'If proposals stay the way they are it won't put us out of business – but we would have to consider outsourcing more of our production. It's a huge deal and was raised by our local MP recently.'

'Then there is the issue of giving China market economy status. It currently doesn't have that status. The organisation that measures these things recently found that China categorically failed four out of the five measures. However, this is really a political decision to try to get investment out of China into Europe. If that status is granted, China will essentially have carte blanche to export products into Europe at whatever prices they want. The government is saying that this means goods will get cheaper in the UK.'

'What they're not saying is that the anti-competitive situation that arises in China – which is effectively government funded – could well put both UK and European manufacturers way out of business. If you look around the UK, this will mean the loss of thousands and thousands of jobs. We've got some very big issues going on right now and the UK government needs to understand just what this could mean to not just businesses like ours, but to British families and entire communities.'

## Developing ambitious and creative talent for the future.

EWAN TOZER,  
ORANGEBOX

**If the government is serious about building a manufacturing base again, it needs to do much more to address the looming skills crisis. Incentivising students to choose a career in our industry would help combat the critical shortages in skilled professions such as machine operators, upholstery, CAD/CAM and furniture designers.**

JONATHAN HINDLE, KI

**I'd get the big multinational corporations to pay their fair share of corporation tax and help small, innovative businesses by reducing their tax bills.**

PAUL CHAMBERLAIN, SIXTEEN 3

**I would like to see a cross industry apprenticeship programme supported by skills academies, which capture the skills and experience of those choosing to leave our sector and pass them on to the next generations, therefore ensuring the sustainable future of textile manufacturing in the UK.**

ALAN WILLIAMS,  
CAMIRA

## To stay in Europe and don't leave.

BRIAN MURRAY, BOSS

**Financial support needs to be provided to traditional manufacturers, who often work with a large workforce and strong local supply chains.**

RICHARD BLACKWELL, BISLEY

*There are many areas where BIS could have a positive impact in our sector. In particular, the skills gap around school leavers and the lack of qualified engineers certainly needs addressing.*

RICHARD SCOTT,  
HERMAN MILLER

*Manufacturing has lost its trade skills over the years – give the youth the chance to be educated and trained in these skills. IT/Technology has a place, but is not the be all and end all.*

NEIL HARRISON, CARLICK

**Reduce the imposition of costs and standards on British manufacturers that are not imposed on imported goods. This process of discriminating against UK manufacturers and employers just generates unemployment in the UK, reduces innovation and education and develops a poorer and less diverse society at many levels.**

RODNEY MCMAHON, MORGAN

*Canvas for an environment of political and economic stability and encourage more diversity and young talent. The potential is huge.*

PHIL JONES, JAMES TOBIAS

# The Manufacturer Map

If you are a regular to Mix you know we like our maps – and you tell us that you like them too. As part of our focus on manufacturing we have highlighted some of those who have plants within the UK. Not surprisingly, the geographical spread of this map looks quite different to the one we did last month for the major dealers. We hope you find this of use when you next do a manufacturing road trip.

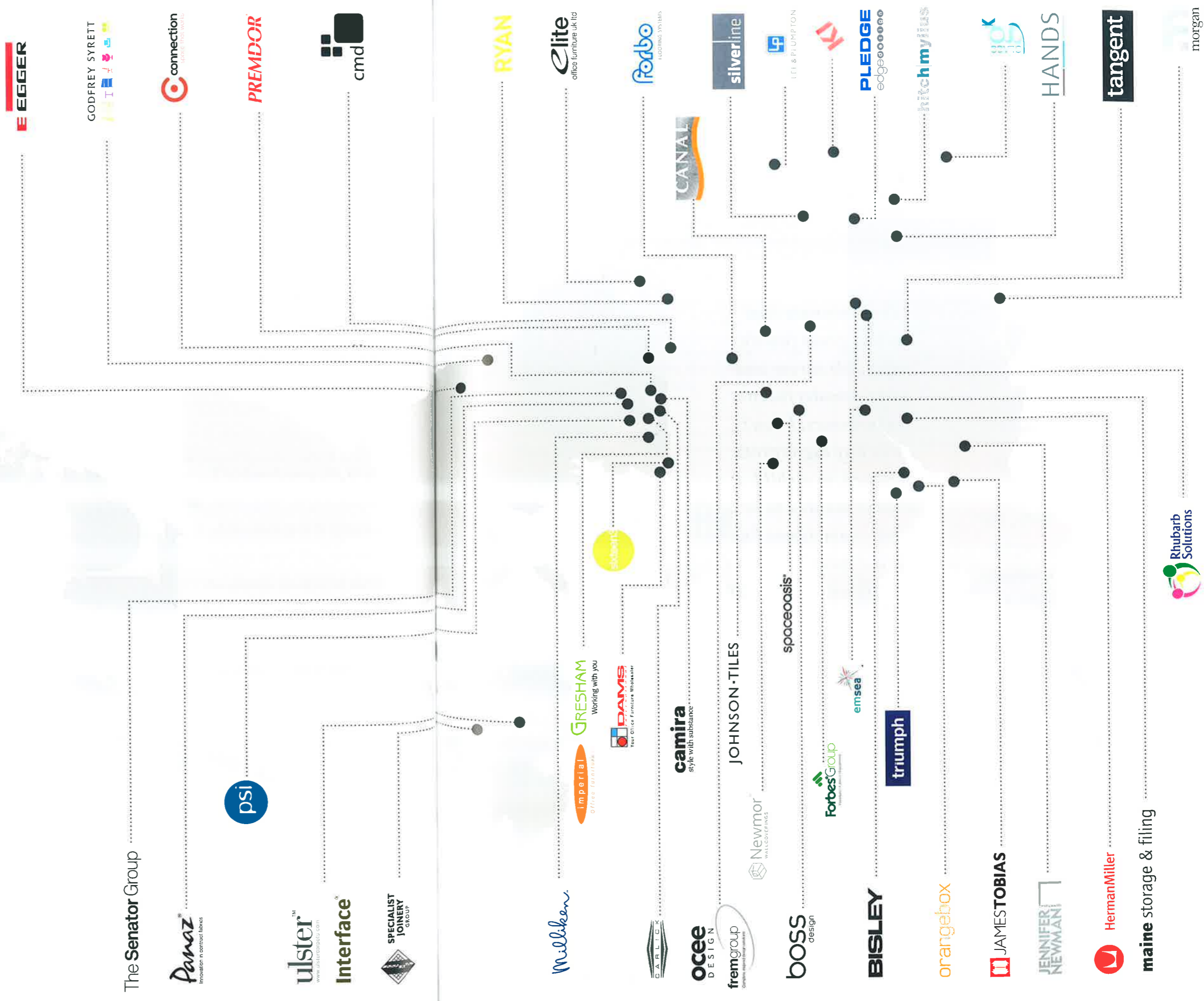
## Other manufacturing locations:

### KI

York, Mildenhall, Wolverhampton, Tamworth

### Forbo

Bamber Bridge, Cortonwood, Kirkcaldy, Telford



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**BISLEY**

## UK Manufacturing Statistics

We did a straw poll of some of the leading UK manufacturers in order to create a snapshot of this amazing sector. Clearly by our sample it can be seen that this sector is both a big employee and landlord. What is also clear and encouraging for anyone from the government reading this report is the rude health of apprenticeship in the sector.

Furniture manufacturers employ external designers in significant numbers, but we focused here on internal designers (watch out for the June issue where you will get to know some of them even better). You will also see that we took a closer look at those in charge. Whilst the information is available, we felt it better to use a broad approach to the age of the boss, rather than being too personal. You may recall the slightly tongue in cheek look at the design sector (Sept issue, pages 48 onwards) in particular the Furniture Manufacturer MD.

It may therefore come as a surprise that the average of the boss in our sample is 53; we think pushed down significant by the Young Brigade, led by the likes of Phil Jones of James Tobias. However, nearly 60% of those in charge were around when food rationing was still part of our daily lives. Oh, and all are men.

Spotlight

### THE GAFFER GENDER SPLIT



### THE BOSS'S AGE

35 yrs old  
Youngest

77 yrs old  
Oldest

53 yrs old  
Average

### MANUFACTURING PLANTS

Largest  
3,049,000 sq ft

Smallest  
25,000 sq ft

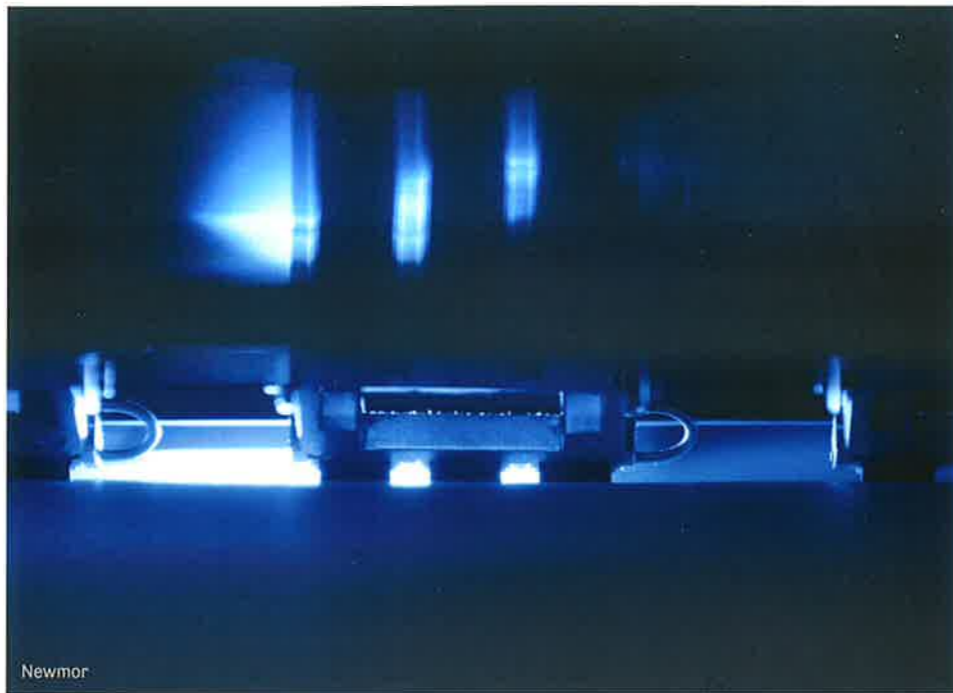


59%

Born when rationing was still in effect

Company	Location	Size (sq ft)	Employees	Apprentices	Internal Designers	The Boss
<b>Boss</b>	Dudley	200,000	217	10	7	Brian Murray
<b>Bisley</b>	Newport	564,000	700	10	8	Richard Blackwell
<b>Camira</b>	Holmfirth	500,000+	674	10	12	Grant Russell
<b>Canal Engineering</b>	Nottingham	-	120	8	5	Martin Price
<b>CMD</b>	Rotherham	51,000	217	1	7	Steve Cole
<b>Egger</b>	Hexham	3,049,000	750+	32	n/a	Bob Livesey
<b>Forbo</b>	Ripley	700,000	564	8	?	Angus Fotheringhame
<b>Hands</b>	High Wycombe	35,000	53	1	3	Peter Head
<b>Herman Miller</b>	Chippenham	170,000	200	2	1	Brian Walker
<b>Johnson Tiles</b>	Tunstall	416,025	400+	6	-	Stephen Dixon
<b>James Tobias</b>	Bridgewater	30,000	52	3	5	Phil Jones
<b>KI</b>	Tiptree	250,000	100+	4	3	Jonathan Hindle
<b>Maine</b>	Bletchley	1,000,000	200	4	4	Adrian Cook
<b>Morgan</b>	Southbourne	48,438	85	2	6	Rodney McMahon
<b>Ocee Design</b>	Northampton	55,000	82	0	1	Alistair Gough
<b>Orangebox</b>	Cardiff	190,000	402	6	15	Mino Vernaschi
<b>Pledge</b>	Leighton Buzzard	160,000	160	4	1	David Carter
<b>PSI</b>	Blackburn	100,000	50	-	-	Hassan Patel
<b>Senator</b>	Accrington	1,270,000	1,300	30	-	Robert Mustoe
<b>Silverline</b>	Mildenhall	125,000	120	-	3	Richard Ward
<b>Sixteen 3</b>	Warrington	25,000	27	0	1	Paul Chamberlain
<b>Tangent</b>	Chalgrove	75,000	75	-	2	John Irwin
<b>Triumph</b>	Merthyr Tydfil	300,000	320	11	6	Andrew Jackson
<b>Ulster Carpets</b>	Craigavon	1,089,000	457	4	25	Nick Coburn

# The next 12 months is vital for us all!



Newmor

We asked a number of the UK manufacturing bosses about the next 12 months.

Investment is the lifeblood in manufacturing as companies aim to stay ahead of trends and developments. Brian Murray stating that Boss Design Group's priority is to 'To invest even deeper in design and R&D', at Mix we have seen some very high level appointments in the last six months, so investing in people is also a clear priority for the company, we suspect.

Ulster Carpets, meanwhile, is spending £35m on its manufacturing infrastructure. Elaine Paterson tells us that they are investing in state-of-the-art dyeing technology as well as 'Improving capacity and efficiency, whilst also reducing the environmental impact of the process'. Jonathan Hindle from KI, a big supporter of UK manufacturing at all levels, agrees that key is 'Investing in our people's expertise and growing our local manufacturing capacity'.

Cost efficiency is vital for all but particularly for the fabric giant that is Camira. Alan Williams, Operations Director at Camira, suggests that his top priority of the next 12 months is 'With input from all of our great team, to continue to search for and unlock efficiency savings throughout our operations, whilst developing people and our lean manufacturing systems'.

Silverline tells us that its most recent investment, in its 125,000 sq ft Mildenhall factory, was in a £350k laser cutting machine

which was purchased specifically to stay ahead of market expectations.

Overseas trade is clearly a boardroom topic for many. Ewan Tozer makes it clear that a key priority is to establish the Orangebox brand in North America – no doubt we'll hear more in our NeoCon review in the July issue. Another great brand that has invested heavily in 2016 is Herman Miller. Richard Scott, VP International Operations, tells us: 'From a business perspective, I really want to continue to build on Herman Miller's investments and growth, both in the UK and beyond. We have been through significant change in the last couple of years, and have a strong foundation to build on our world class operations.'

Understanding the customer and developing the product accordingly is a theme reiterated by many. John Irwin, the new boss at Tangent, suggested that in the market where a competitor can match almost any product, his priority is to collaborate with customers to understand the challenges they face and that 'The next priority is to then convert this insight into exceptional, quality service, with the aim of raising the profile of Tangent'. Rodney McMahon from Morgan continues the vital theme of spending time with customers and will continue to 'Understand their wants and desires in this fast changing market and challenging political, socio/economic circumstances'.



Sixteen3



Canal Engineering

# triumph



