

Central Europe - the most favourable 'offshore' location to build electronics products

With electronics manufacturing facilities in both the UK and The Czech Republic, JJS Electronics are ideally placed to outline the benefits of Central and Eastern Europe as an electronics manufacturing location. Their Group Managing Director, John Mayes, gives an insight into some of the key points.

There has been significant shakeup during the past seven years in the shape, size and influence of world markets, geopolitical landscapes, and global economies. Although low labour costs have historically been a key force attracting manufacturing projects into China, steady improvements in pay and working conditions are among factors now changing the economics of assembly in the Far East. While China is clearly the workshop of the world, a more informed and measured view of the economic benefits of outsourcing there has definitely been taking hold. Even putting distances and logistics aside, real inflation and currency changes have had a substantial impact upon the cost of manufacturing there. Inflation is expected to continue to be in excess of 5% which alone puts upward pressure on wages but meanwhile the government has been putting more workers rights legislation into place, particularly with respect to minimum wages.

Factor in other global economic influences such as currency fluctuations, and as a result, Central Europe is now tipped as being the most favourable location to build electronics products, especially for distribution into European markets. Large factories and significant investment throughout the region to produce high-volume products such as televisions testify to this rationale, but even low-volume, more complex products can also benefit; assuming a well controlled NPI-to-production mechanism.

More complex, specialist products such as advanced industrial machinery are also being built successfully at plants in Central Europe. The [JJS Electronics](#) 40,000 sq ft manufacturing facility at Chomutov in the Czech Republic is a good example. In operation since 2005, JJS's facility takes advantage of the excellent skills available among Czech workers, as well as the relatively low labour costs compared to its UK sister site. Working for customers in sectors including industrial, medical, packaging, transportation, scientific and communications, JJS has built an excellent reputation for PCBA, electrical and mechanical product assembly, together with system-level integration and mechatronics capabilities. This capacity is further reinforced by robust material procurement, inventory management, component engineering and test services; all carried out by the company's highly qualified and experienced specialist teams.

The Czech facility is fully equipped to handle a wide range of production requirements, providing JJS customers with a proven route to 'offshore' manufacturing. The combined manufacturing solution means that once UK-based engineering and manufacturing specialists have gained a full understanding of a new project or product and full supporting manufacturing documentation has been developed, customers can choose to transition final assembly to the Czech Republic to harness the advantages of manufacturing in a lower cost region

JJS Electronics also has a facility based in Lutterworth, England, similarly housed in 40,000 sq. ft. of production space and equipped to handle a wide range of services including New Product Introduction,

Design-for-Manufacture, Design-for-Test, value engineering, together with conventional and surface mount PCB assembly, control & panel wiring, full systems integration, electromechanical assemblies and cable harnesses. The Lutterworth site increased its capability and capacity during 2009 by creating a number of new senior engineering positions and investing in an additional SMT line based around the Mydata MY100DX-14. Now operating the same, recently installed, IT platform, both the UK & Czech sites provide sophisticated purchasing, supply chain management, logistics and fulfilment services as integral parts of their offering.

By managing the entire NPI-to-production process from the UK, including prototype build and continuous 'local' communication with UK-based OEMs, this model delivers the best of both worlds by retaining the manufacturing process control that has often been too easily lost in the rush to build offshore.