

MANUFACTURING

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Industry to pay with depressed car sales until perhaps 2011

Birmingham-born analyst and automotive expert **Howard Wheeldon** gives his take on the scrappage scheme extension.

Sure, extending the car scrappage scheme in the UK by another 100,000 cars and vans can hardly do any harm save further damage to the public purse but will it do much good for UK-based car manufacturers?

While the politically-motivated move to extend the scheme beyond the £300m originally set will provide some additional benefit for car distributors – albeit on a reducing scale – as far as the consumer is concerned, just as it had in Germany before that scheme was ended his month, the scheme was already showing signs of running out of steam.

The probability is that those that sought to take advantage of the scheme have done so and that through the autumn and winter months take up on the scheme will be pretty weak. Certainly there is evidence that with near-record numbers of cars manufactured during August – likely as not the month that due to the scrappage scheme the sector would naturally peak – the number of potential buyers wanting to actually use the scheme had also slipped. Although the UK car scrappage scheme was universally welcomed by the industry the reality was that in effect it only brought forward sales that might otherwise have been delayed into 2010. Thus, with or without the scheme ending whenever it does in 2010, it seems the industry will need to pay for any extra incentive in a longer period of depressed sales through 2010 and maybe 2011. By then the UK will have a new government no doubt and one which, as far as subsidy is concerned, will have its hands tied.

Many have also rightly questioned whether from a manufacturing viewpoint most of the benefit of the UK scrappage scheme has been enjoyed by importers as opposed to the actual manufacturing subsidiaries of foreign-owned companies. The likelihood is that they have been the real beneficiaries of the specific UK scheme but UK car manufacturing subsidiaries have benefited from the German, Italian and other international scrappage schemes. What- ever, at some point this type of unsustainable subsidy must end.

As a nation – one that is already carrying a huge burden of national debt and one that is still rising – the UK can ill afford to provide additional and costly schemes such as this. Nevertheless, for solely political as opposed to sensible economic reasoning Lord Mandelson has extended the scheme. So be it but we as taxpayers must hope that this is both the first and last extension – the industry must ready itself to adjust to some potentially very quiet sales months later in 2010. Of course, the one bit of good news in all this is that when the chickens do come home to roost – car sales again begin to fall off a cliff – Lord Mandelson will likely be putting his feet up on long-term gardening leave!

Aerospace supply chain gets boost from experts



The aerospace and defence sectors are a clear target for Midland companies

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One of the leading manufacturing experts in the UK is adding its knowledge to the West Midlands push for billions of pounds of new business in the aerospace and defence sectors.

TPT Consultancy and Training is the latest organisation to be approved to deliver the region's 'World Class Supply Chains' programme, which is designed to help local suppliers improve competitiveness and embark on the journey towards securing the global SC21 recognition.

This appointment will mean that participants in the programme will have access to even greater levels of specialist expertise and understanding, a boost that will ensure more than 100 firms will benefit between now and the middle of 2011.

Manufacturing Advisory Service-West Midlands' Cliff Johnson was delighted with the news. "We launched the £1.5m 'World Class' Programme in January this year and the intention is to provide

companies with in-depth support in working towards industry standards that are going to prove so crucial in winning £ billions of new orders over the next five years.

"The package of expertise, which is available through individual grants of up to £20,000, looks at improving relationships, performance, reducing cost, encouraging innovation and securing the highest level of quality."

He continued: "TPT joins Industry Forum and TEC Transnational as the third 'preferred provider' in the team and we hope that it can help us deliver this specialist support to the ever growing list of companies wishing to join the programme.

TPT, which was established by Tom Townsend in 1993, was initially set up to provide solutions to manufacturing concerns in the automotive industry, but the business quickly grew to cover aerospace, defence and rail.

Its reputation for delivering hard line business benefits has seen its work with a wide cross-section of clients from SMEs to supply chains for global corporations in locations throughout Asia, Europe and North America.

"We are really excited to be part of this initiative as the West Midlands is seen by many as a national hotbed for aerospace and defence development," explained Mr Townsend.

"The idea of the programme is to help companies towards SC21, the single co-

“The intention is to provide companies with in-depth support in working towards industry standards

ordinated industrial change programme and a vital tool in improving the performance of the supply chain so it is in a good position to take its share of international orders."

"We have already helped one company to achieve the Bronze recognition so we know what it takes to be effective and, working with MAS-WM, Industry Forum and TEC, we believe we have a group of providers that can make a real difference." The £1.5m World Class Supply Chain programme is being funded by

regional development agency Advantage West Midlands and the European Regional Development Fund.

Companies interested in taking part will be visited by an experienced adviser from MAS-WM and benchmarked on how they are performing and what areas need improving.

Funding is then available to bring in the most suitable industry expert, who will work hand-in-hand with the business on supply chain development, performance and quality – leading towards recognition within the SC21 programme Mr Townsend concluded: "Firms work within a continuous improvement framework and enjoy a whole host of quality and delivery benefits, in addition to improving relationships with their own suppliers and key aerospace and defence customers both existing and potential.

"SC21 is recognised by the MOD and all sixteen of the UK aerospace and defence primes, such as Aero Engine Controls, Goodrich, Rolls-Royce, GKN and BAE Systems and is a certainly a plus point when bidding for new work on the next generation single isle aircraft and its associated power plant."