Made in China
bad for business?

By Tim Moore

When the world number one name in toys, Mattel, recalled tens of millions of toys due to lead in paint, shockwaves were sent through the industry. Immediately the blame was pushed onto Chinese manufacturers and the assumption made that quality had suffered due to cost pressure. While there is no doubt that there are rogue manufacturers in China, we must all ask ourselves: how did this situation occur and what part of the quality and assurance management system failed?

Transferring a product from concept to market is team work between sales & marketing, the designers, engineers and the manufacturer. Should any part of this close chain or communication within it break down, then problems can quickly arise. In reality a product return is the fault of everyone in the chain. However, problems can be detected quickly with good and independent Q&A procedure.

In a sobering report to be published by the Asia Pacific Foundation of Canada, University of Manitoba business professor Hari Bapuji and University of Western Ontario international business professor Paul W Beamish, have noticed that of the 550 toy recalls since 1988 about 10% were attributable to manufacturing defects, such as poor craftsmanship, lead paint and inappropriate raw materials, while around 80% were due to design fault.

The report also points out that when Mattel recalled 20 million toys this year, 80% of the toys were recalled due to small magnets, which is a design flaw not a manufacturing shortcut. Designers should have made sure that the components/ materials that were used were capable of meeting the specification.

These issues can be resolved through better communication and project management, including cultural understanding across all parties. Independent and regular Q&A is very important. It is certainly possible to develop and manufacture complex products in China – for instance, mobile phone production will increase by 30% by December 2007.

Sagentia has been operating in Hong Kong since January 2005, and was the first Cambridge consultancy to do so. Through our joint venture SGAI, we carry out design and development in both Hong Kong and Shanghai in China. By having project teams on the ground and keeping the communication lines clear and open between Cambridge, Hong Kong and our clients, we can deliver low-risk, low-cost, high-value product development.

Made in China is not bad for business, but not acting coherently across the design and manufacturing teams will be.

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