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## Regional Focus - South East

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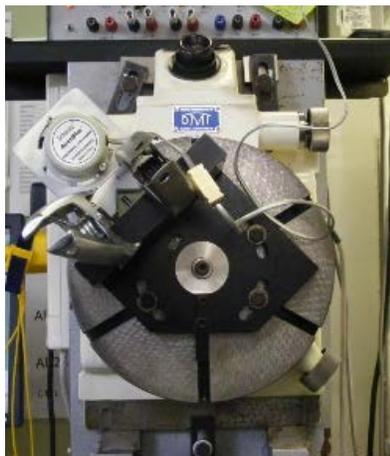
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### Diversity and surprising depth of both high tech and high value add manufacturing are to be found within the South East.

The Greater South East region is defined by manufacturers' organisation EEF as East Anglia, London and the South East of England, roughly from The Wash in Norfolk south to Dover and across to Southampton. Combining the manufacturing output of these regions produced gross value added of £44.5bn in 2008, and the region employs about 687,000 in manufacturing related activities. The combined GVA and employment is the highest for any region in the UK.

The manufacturing sector in the South East is highly fragmented and diverse. The headline industries – aerospace, and increasingly, space engineering; automotive including motorsport; pharmaceuticals and healthcare; advanced engineering and environmental technologies – are punctuated by many great SME companies in niche sectors that are hard to pigeon hole, such as Foster Refrigerator in Kings Lynn, Norfolk (see box) and Siemens MR Magnet Technology in Oxon.

[Main photo shows an inclinometer made by Sherborne Sensors in Basingstoke. Over 50% of its products are now at least partly customised]



### Manufacturing statistics South East

- Total manufacturing gross value added for the South East region, including East Anglia and London, was £44.5bn in 2008.
- Total manufacturing employment: 687,000
- No. of manufacturers: 45,555
- The South East employs more manufacturing workers than any other part of Britain (Source: MAS-SE and ONS).
- Estimates vary but the South East's commercial and leisure marine economy is worth over £14bn, worth about 22% of the UK's marine economy.
- There are over 3,400 aerospace and defence companies in the UK, and 750 or 22% are based in the South East (Source: Experian SIC Definition, ONS ABI, 2007).
- The UK's £7bn space industry supports 77,000 jobs.
- Astrium, Europe's market leading space technology company, with factories in Stevenage and Portsmouth, employs over 1,400 people.
- Surrey now possesses more manufacturing jobs than Manchester, according to MAS-South East.

To simplify the region's manufacturing make-up, taking London as the hub, to the north Vauxhall's

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plant in Luton made 102,665 cars in 2010, and the Cambridge district is characterised by high growth and high tech businesses, such as Plastic Logic and Cambridge Display Technology; to the north-west lies Oxford with its space cluster and the BMW Mini plant; to the west and south of London is Farnborough's aerospace cluster, the big pharmas like Pfizer and GlaxoSmithkline close to the M4, where the latter makes healthcare products in Maidenhead and Slough; while on the South Coast, Rolls-Royce Motor Cars dominates Goodwood plus many SMEs like Matt Black Systems and Drallim Industries supply to the marine, aerospace and defence sectors. US pharma giant Pfizer has just announced the closure of its UK R&D centre in Kent, the plant that developed Viagra, with the loss of 2,400 jobs. Food companies, plastic injection moulding, general engineering companies and small high tech firms pepper the whole region, often feeding the bigger clusters like Farnborough.

The South East has a high number of breweries in proportion to its size, with big brewers like Shepherd Neame in Kent, Fullers of London and John Smith's big factory in Reading, while Greene King and Adnams are synonymous with Suffolk.

## Key people

### Peter Hare, EEF South East Region Chair, managing director of MHH Engineering

Peter Hare is the finance director of MHH Engineering, a Surrey-based company that designs, manufactures and calibrates industrial torque tools and torque measuring equipment. About 65% of the company's turnover is exported. Peter has chaired the EEF SE Regional Council since 2009, working to promote manufacturing locally and nationally, with a focus on expanding membership and improving member services.



Originally training as a food technologist, his career in began in 1990 with Dennis, the fire engine and coach maker, before moving to MMH. In 2003 he was appointed to the EEF South Audit Committee, then to the role of non-executive director for EEF South, before taking over as Chair of the SE Regional council. Peter is a Chartered Management Accountant.

### Andrea Rodney, EEF East of England Region Chair

Andrea Rodney is a director of Hone-All Precision, a sub-contract machining company based in Leighton Buzzard specialising in deep hole boring, honing and CNC turning. Hone-All has a strong brand and is recognised throughout the industry for continuous improvement, regular investment, training and team building.



Andrea has worked to influence the Government's approach to long term manufacturing success, firstly through the EEDA Manufacturing Panel and the Automotive Academy Steering Committee and then through membership of the Skills Council NSAM / Semta for the Eastern region. She has chaired the EEF Eastern Council for just over a year and is also a member of the MTA Training and Education Committee.

### Jim Davison, EEF Region Director for the South East

As region director for the South East, Jim leads the EEF member, influencer and media engagement activities across the region. A production engineer by profession, he spent 15 years working for EMI in optical disc manufacturing across a variety of engineering, production and operations roles. He has also worked for the Manufacturing Advisory Service South East, where he led a team of specialists delivering business improvement services to SME manufacturers. He joined EEF in 2003 as operations manager for the South East region before his recent appointment as region director.



## South East Support

While South East manufacturing is very diverse and quite fragmented, it also has an extensive regional supplier infrastructure. "As a region it is renowned for being a major contributor to productivity growth and a lead driver of innovation, where companies are developing and manufacturing many and varied products," says Jim Davison, South East regional director for EEF.

Overall the number of companies is in decline but, EEF says, heavily skewed in high technology sectors, manufacturing is clearly important for the long term prosperity and health of the region.

The Government's Manufacturing Advisory Service is very active in the South East. MAS South East claims to have delivered over £310m of added value to the manufacturing sector across the region to date. The service has responded to over 20,000 initial enquiries from businesses seeking advice and visited over 3,000 businesses to carry out initial diagnostic 'health checks'. MAS South East has also arranged over 900 events designed to inform and train local businesses.

The South East England Development Agency, SEEDA, links to several business support mechanisms, such as Business Link, and many trade associations. It is due to close down in March 2012 with some functions being wound down over the next 12 months.



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## Sector clusters

Specific sector clusters exist in the region for:

â— Advanced engineering and marine – the Solent area, Hampshire

â— Aerospace and defence – centred on Farnborough and extending down the M3 and into London

â— Pharmaceutical, health technologies and life sciences – M4 corridor, Herts, Home Counties

â— Space technology – centred in Oxfordshire

â— ICT and digital/ creative media, and environmental technologies, also have regional hubs.

## Marine industry:

The Solent area, including South Hampshire and the Isle of Wight, is home to about 140 boat and ship companies that design and manufacture almost half of all the marine vessels made in the South East. The Solent's marine sector accounts for nearly 20% of the value of the Solent's whole economy.

Marine South East is the regional marine initiative of SEEDA and was created to address the needs of the marine sector in the South East region. It works closely with the British Marine Federation, who runs the Southampton and London Boat Shows.

## Some winners in the South East

**Siemens MR Magnet Technology** in Witney, Oxon, is the world's leading designer and manufacturer of superconducting magnetic resonance imaging magnets for medical applications. Around 95% of the magnets produced here are exported and the business has been awarded several Queen's Awards for export success and the Innovation MX award in 2010. More than 30% of the MRI scanners installed in hospitals worldwide have a superconducting magnet manufactured by Siemens MR Magnet Technology at their heart.

**McLaren Automotive** is close to finishing a new production centre, adjacent to the firm's existing McLaren Technology Centre in Woking, Surrey. The £40m production centre will build the new MP4-12C supercar and phase one manufacture has begun. The McLaren Production Centre will use energy efficient processes developed during the McLaren SLR's build programme to tailor-make up to 1,000 MP4-12Cs a year, and will create 300 new jobs mainly in design engineering, manufacturing and some support and administration.

**Rolls-Royce Motor Car's** headquarters and manufacturing plant in Goodwood, Sussex, designs, assembles, furnishes and tests every Rolls-Royce Phantom and Ghost car.

Moving slowly through the assembly process, each stage of the hand-built process is meticulously completed and documented. Each car passes through at least 60 pairs of hands. It is a complex process to "lean up", as most of both the Phantoms and Ghosts can also be highly customised.

**Buhler Sortex** in Stratford, London, makes high speed optical sorting equipment for the food sector (sorting and grading of rice, nuts and other vegetables), and **Domino Printing Sciences** in Cambridge is a printing technology company. Both companies have recently posted strong export performance.

**Pursuit Dynamics** is a small company set to grow, producing energy efficient vessel heaters for brewing industry technologies. See the box-outs for SMEs in the news.

## Hot sector:

### Space research and engineering

#### International Space Innovation Centre

##### Location: Harwell Science and Innovation Campus

The International Space Innovation Centre (ISIC) is a new initiative funded jointly by the public sector and industry. It was designed to help focus the UK's substantial, but fragmented, strength in the space engineering sector, contributing to the goal of doubling the UK space market – approx £7bn – by 2020.

ISIC intends to provide a new environment where government, universities and industry can work together to make the most of scientific opportunities and create new technologies, applications, and intellectual property that exploits UK, European and global space programmes.

ISIC will be an integral component of the Harwell Science and Innovation Campus.

It will link space activities with the breadth of research undertaken at Harwell's world leading large facilities such as the Diamond Light Source and the ISIS neutron spallation source.

ISIC will act as a portal for international access, partnership and collaboration and a melting pot for ideas driven by open innovation.

**EADS Astrium** designs and builds both scientific satellites and communications satellites from its sites in Stevenage and Portsmouth. Stevenage makes the main structure and the communications module, and integrates the thermal and propulsions systems, while Portsmouth designs and installs instrumentation systems and the comms module to the spacecraft. Final assembly happens in Toulouse.

"Astrium UK has received a lot of orders in the last four to five years and because of the build period – about three years – the forward order book is healthy," says Alistair Scott, the adviser for Astrium's PR and Communications. The company makes about six units per year, and currently has 10 in build, five science satellites and five communications satellites.

Britain's leading role in the space industry has a louder voice, but its real potential is still widely unappreciated. Most of the big communications satellites used by the big two satellite service providers, Inmarsat and Intelsat, are made by EADS Astrium, and other UK companies contribute to the supply chain. The satellites can cost from \$150m to more than \$275m. "Space is going to be a leading industry of the future for the UK," says Mr Scott.

"Last year the sector posted 9%-10% growth, and it used to be 15%, while many sectors have shown flat or low growth. But it needs a regular drip feed of cash and innovation to keep this position, as India and China are catching up."

**Surrey Satellites** also make satellites in the region.

## One to Watch -

### Sherborne Sensors

While it may be a surprise to some, Basingstoke used to have many manufacturers but Sherborne Sensors is one of the few independent manufacturers left. Formed in 2002 from the MBO of the inertial product range of sensors of Measurement Specialities, the company still makes inertial sensors as well as force transducers – where it purchased the rights to several product designs in October 2006 – and accelerometers, all finely calibrated instruments for an intriguing and expanding range of applications. The sensors measure physical properties – the angle of tilt, temperature and pressure. Assembled and tested with extreme precision, it is a patient and demanding craft. What would use an accelerometer? "A good modern application is the Nintendo Wii console," says managing director Mike Baker. "The technology that measures the speed and direction of your arm movements is totally reliant on accelerometers." Another application is ordnance trajectory calculations for defence.

After a recession that saw sales flatten rather than fall, the last 12 months have been the best in the company's history.

Despite being fairly new, the US is now its biggest overseas market where it has a sales and distribution centre in New Jersey. The global sensors market is very big; Sherborne's formula for success is customisation. "We make niche products – only a handful of companies do what we do," says marketing director Robin Butler. "And increasingly we customise standard products – upwards of 50 per cent at the moment." Mr Baker says they deliberately de-emphasise the firm's nationality in the US, hosting a US website using American English where transactions are in dollars. "We've taken detailed care to encourage US contacts to place orders." The firm operates in one third each aerospace, defence and civil engineering. New applications include making inclinometers to measure movement in steel girders used in a Chinese suspension bridge.

## One to Watch -

### Foster Refrigerator

In January, Foster Refrigerator of Kings Lynn received top honours at the EEF Awards 2010.

The judges said, "If every manufacturer in the UK followed Foster Refrigerator's example, Britain would be in a very good position in the fight against climate change." The secret to its success? "The most important thing has been developing refrigerators with very low energy requirement, that are green and

sustainable," says food service director John Savage. "We've grown the smaller customer segment, supplying those who used to say they couldn't afford a Foster, because we can demonstrate the money saved on energy will offset the price premium on a cheaper import." Customers get the price difference between these new models and an imported product back very quickly, so they make savings through the life of the cabinet. "It's a triple whammy," says Mr Savage. "The customer gets a better product and lower energy costs, less energy used is good for the environment and Foster wins the sale." Electricity savings can amount to £200 a year per unit. How? Partly in the cabinet lining, but in 2004 a typical Foster fridge took a 9.4kW motor.

Today the same unit needs a 3.7kW motor. Many of the foreign imports still use >8kW motors. Some of the components Foster uses are more expensive than their competition, but cost savings have been achieved through lean manufacturing techniques.

"The green agenda will drive manufacturing and after 10 years of manufacturing investment we are ahead of the curve," Savage adds. The products are listed on the Enhanced Capital Allowance scheme so customers can claim back the tax on the capital cost of his purchase, equivalent to just over an 8% discount."

## One to Watch -

### Mylands

Mylands is the oldest paint manufacturer in the UK that is still owned and managed by members of the founding family. Located in West Norwood, London, the firm has manufactured interior and exterior paints, coatings and polishes over four generations since 1884. It is the last independently owned paint manufacturer in the capital. South London used to be home to many small paint companies, but from the 1970s nearly all gravitated north, taken over by big players like Crown (now Akzo Nobel), Darwin and Silver Paints.

Turnover is up 8% from 2009-2010 in what were difficult trading conditions.

Mylands had a little growth last year in the decorative paint market, and it is about to launch a new range of super high quality decorative paints which are "a little different to the existing designer paint brands in the market place," says managing director Dominic Myland. The firm has been investing in manufacturing processes and will be implementing more plant and equipment in the next two months.

"We are moving from a business-to-business position in our marketplace to selling to the consumer market, which will be challenging," says Mr Myland.

"We're taking complete control of a family business into the fourth generation of ownership, in a modern competitive market. We've invested in new sales people recently so overall, yes, we are optimistic."

## One to Watch -

### Rediweld

If you can thermal inject and compress plastic and rubber, you can adapt where the demand is.

Rediweld in Alton, Hants, operates two main divisions, rubber moulding services and traffic calming / traffic management products. It offers thermoplastic, thermoset (compressor moulding) and elastomer mouldings for aerospace, medical and general engineering applications, from design, product introduction, to moulding, testing and inspection reports.

Managing director Roger Marsh is proud of the company's achievement in winning the SC21 Bronze award in November 2010, and he says "we see ourselves as much an aerospace company as a moulding company." Having got ISO9001, Rediweld secured AS9100 in August 2009, now the universal aerospace standard.

SC21 was a route to reduce lead times and measure and improve quality and delivery metrics.

While aerospace and defence accounts for over 50% of the business, Rediweld

has developed a fantastic business making traffic products – traffic calming and management systems, like temporary kerbing. Up to 40% is exported to markets including France and Ireland. “They are portable and there is a health and safety aspect of a temporary product installed quickly,” says Mr Marsh. Group turnover including its sister company Redivac in Daventry is about £7m.

#### Dates for your diary

##### February 15-16:

Logistics Link South 2011

Esher

[www.logisticslink.co.uk](http://www.logisticslink.co.uk)

##### February 16:

Sustainable Transport 2011

Westminster

[www.greeningtransport.co.uk](http://www.greeningtransport.co.uk)

##### February 16-17:

Southern Manufacturing 2011

Farnborough

##### April 7:

Kent 20/20

Dealing, Kent

[www.kent2020.co.uk](http://www.kent2020.co.uk)

##### May 24-26:

Sustainability Live 2011

Birmingham

[www.sustainabilitylive.com/manufacturing](http://www.sustainabilitylive.com/manufacturing)

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