China or not?
How to tell if your production is a good fit

By NewTracks AS

After many years of manufacturing in China, we have learned one thing: China is not the answer to everything – but for the right products it is hard to beat. Here we share what we have actually seen work, and what does not.

Let's tackle the biggest misconceptions first

"China requires large volumes."

Not true – at least not if you work with the right factories. We run production in batches from 5 to 30,000 units, and we also make prototypes in China. The Shenzhen area has a huge variety of factories, and many of them work well with smaller batch sizes.

"China delivers poor quality."

You can get anything in China – from products that meet the highest technical standards to far worse. The key is finding the factories that can deliver *your* quality standard. The most advanced products we surround ourselves with are made in China, but old prejudices linger.

NewTracks started in China because of quality – not price. We went there because we could not get products of sufficient quality at home. It is all about finding the right factories.

China is competitive when:

The product has high value relative to weight and volume

Transport is a real cost. Compact, high-value products absorb the freight cost well. For large, light products you are in practice shipping air – and logistics eats up the savings.

Assembly is a large part of production

Assembly costs in China are roughly a quarter of what they are in Norway. Products with many components to be assembled therefore give the biggest savings. The number of suppliers is also reduced to one.

You already use components from China

Many products contain components that are bought from Chinese suppliers anyway. Shipping these individually to Europe is far more expensive than combining them into a finished product or sub-assembly in China. You save freight, simplify logistics and reduce the number of components you have to handle.

Sub-assembly – full control, fewer components

You do not have to choose between China and Europe. Sub-assemblies are made in China and shipped to you for final assembly. You keep full control of the end product, but deal with far fewer components and save significant assembly costs.

The product demands high precision and a good finish

China has good factories for products where tolerances and surface treatment are critical. With the right supplier, clear specifications and good quality assurance, you can expect high and consistent quality.

You want a complete, finished product

In the Shenzhen region you will find factories for every type of component, from electronics, plastic moulding and metal – to packaging. All within a small geographical area. This means you can receive a fully finished product, tested and packed ready for sale, with no further handling at home.

China is *not* always the answer when:

Production is highly automated

PCBs, sheet metal and plastic moulding are such automated processes that the price difference between China and Europe is small or non-existent. The same applies to extruded aluminium profiles without machining. There may not be much to gain here.

But – the moment the profiles need machining, or plastic components need assembling, perhaps with some electronics, you quickly end up on the plus side.

Lead time is critical

For products shipped by sea, transport time has to be part of the plan. If fast response matters more than price, you should consider manufacturing closer to the market. Manufacturing in China requires planning.

What you need in place: Documentation

A common attitude is *"Surely they'll understand this!"* – but that is not how it works in China. Factories are typically larger than we are used to, and efficiency is high. Tasks are split up and spread across several people. Different customers have different quality requirements, and without a clear specification the factory does not know what matters for *your* product.

Drawings, tolerance requirements and quality criteria must be properly documented. In our experience a separate document per product is needed to specify details that do not appear on the drawing. For every component we produce, we also keep a *golden sample* as our reference for all future production.

Our advice

Don't ask "should we go to China?" – ask instead "which parts of our production are suited to China?"

Many of our customers make components in China and assemble them at home. Others receive a complete, ready-packed product straight from the factory. There is no single right answer – but we are happy to help you find the solution that suits you.

Wondering whether your product is a good fit? Contact us at NewTracks – we will give you an honest assessment.

NewTracks has 10 years of experience manufacturing in China and helps European companies with product development and manufacturing.

Our team in Shenzhen, NewTracks China Co. Ltd., supports project management, engineering, quality assurance and logistics, while commercial responsibility lies with the Norwegian company NewTracks AS.