



## **STRATEGIC BRIEF**

# **China+1 and knowledge transfer**

*How the manufacturing know-how of existing EMS partners can be transferred to additional production locations through cooperation instead of competition*

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## Initial situation

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China+1 strategies are sometimes perceived by existing Chinese EMS partners not as a strategic complement, but as a possible first step towards relocating production volume and manufacturing know-how.

If plans for an additional manufacturing site are not communicated early and transparently, uncertainty may arise about the future role of the existing EMS partner.

As a result, valuable process and manufacturing knowledge may not be transferred to the extent required – precisely at the stage when structured knowledge transfer is critical to project success.

Successful collaboration is possible if roles, expectations and responsibilities are clearly defined from the outset. The process and quality expertise built up over many years by an existing EMS partner can be transferred to additional production sites while maintaining a strong and constructive partnership.

## Why Knowledge Transfer Can Be a Shared Opportunity

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The key factor is not technical feasibility, but how the existing EMS partner is integrated into the overall strategy. When the objectives of a China+1 strategy are communicated clearly, the perspective often changes.

### **Risk Management Instead of Performance Evaluation**

Introducing a second manufacturing source does not automatically mean dissatisfaction with the existing EMS partner. Many OEMs establish additional manufacturing structures to reduce supply chain risks and strengthen long-term supply security.

### **Supplementation Instead of Relocation**

In many cases, business growth, new product introductions or expansion into additional markets create the need for extra manufacturing capacity. An additional production site complements the existing manufacturing structure rather than replacing current production volumes.

### **Recognising the Existing EMS Partner as a Strategic Partner**

When the existing EMS partner is actively involved in the transfer process—for example through defined transfer services, technical support or contractually agreed responsibilities—a shared perspective and a clear incentive for cooperation are created.

If objectives, roles and expectations are communicated early, openly and transparently, perceived concerns can develop into a stronger strategic partnership.

## Interfaces for Successful Knowledge Transfer

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### **Secondment of Process Engineers**

Process and quality engineers from the existing EMS partner support the new production site for a defined period, transferring manufacturing knowledge directly through hands-on experience.

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## **Joint NPI (New Product Introduction) Processes**

New products are introduced jointly through a structured NPI process, allowing manufacturing and process knowledge to be developed across both production sites during industrialisation.

## **Parallel Production Phases (Parallel Run)**

During the transition period, both production sites operate in parallel for a defined time. Process deviations are analysed jointly, and improvements are implemented systematically.

## **Train-the-Trainer Programmes**

The existing EMS partner trains employees at the new production site, taking an active role in developing manufacturing capabilities and supporting a successful production ramp-up.

## **Joint Quality and Knowledge Documentation**

Manufacturing standards, test plans and lessons learned are documented in clearly defined and shared documentation structures. At the same time, access rights and the handling of sensitive information are clearly defined.

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## **Proven Practice**

In electronics manufacturing, structured knowledge transfer between existing and new production sites is well-established practice rather than a theoretical concept. Secondments, joint NPI processes, parallel production phases and train-the-trainer programmes have proven to be effective approaches, particularly when expanding international manufacturing networks.

The key success factor is often not the chosen method itself, but the quality of the collaboration. If the existing EMS partner is involved from an early stage, informed transparently about the objectives and recognised for its contribution to the transfer process, production ramp-ups can often be completed more smoothly and start-up losses significantly reduced. At the same time, the existing partnership is strengthened and can continue to develop over the long term.

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## **Considerations**

Successful knowledge transfer requires mutual trust, clearly defined responsibilities and binding agreements. A clear distinction should be made between intellectual property that requires protection and manufacturing and process knowledge that can be transferred. Not all know-how is suitable for transfer, but at the same time, essential process knowledge must not become a bottleneck during production ramp-up.

Equally important is a transparent allocation of roles between the existing and the new production site. If expectations, responsibilities and long-term perspectives are agreed at an early stage and supported by clear contractual arrangements, uncertainty can be reduced and cooperation strengthened over the long term.

Another important success factor is realistic planning of the knowledge transfer process. Manufacturing expertise is not developed through documentation alone, but through practical experience, joint trials and continuous exchange. Time, personnel resources and management commitment should therefore be considered integral parts of the project from the outset.

## Success Factors for Implementation

- Communicate China+1 as a risk diversification strategy and a complement to existing manufacturing structures – not as a replacement for the existing EMS partner.
- Involve the existing EMS partner in planning and knowledge transfer from an early stage.
- Structure knowledge transfer through defined processes such as secondments, joint NPI projects, parallel production runs and train-the-trainer programmes.
- Clearly distinguish between intellectual property that requires protection and transferable manufacturing and process knowledge.
- Clearly define roles, responsibilities and, where appropriate, long-term production volumes in the contract to create trust and planning certainty for both parties.

## Conclusion

China+1 is not about relocating production, but about the strategic development of existing manufacturing networks. The key is not simply establishing a second production location, but integrating existing partnerships into the overall strategy.

Transparent and structured knowledge transfer strengthens both the existing Chinese EMS partner and the new production site. The result is a more resilient international manufacturing network, greater supply security and lower project risk – without unnecessarily putting established expertise or long-standing partnerships at risk.

## Recommended Further Reading

**Inkpen, A. C., & Tsang, E. W. K. (2005).** *Social Capital, Networks, and Knowledge Transfer*. *Academy of Management Review*, 30(1), 146–165.

This widely cited academic paper examines the role of trust, shared goals and organisational networks in successful knowledge transfer between companies. The authors show that strong relationships and clearly defined cooperation structures are essential for transferring knowledge effectively across organisations and production locations.

The study provides a solid theoretical foundation for structured knowledge transfer, collaboration between existing and new production sites, and the development of long-term manufacturing partnerships.

### About the author

Dirk Kaussen is Founder and Managing Director of EMS Strategy Group. With around 40 years of experience in the electronics industry — including founding and managing his own electronics manufacturing company in Germany — he brings deep expertise in manufacturing processes, EMS partner selection, supply chain stability, relocation projects, and risk management. His approach combines practical solutions with a direct connection to industrial reality.

### About the EMS Strategy Group

EMS Strategy Group supports industrial enterprises in the strategic and operational advancement of their electronics manufacturing. Our core expertise lies in the strategic relocation of manufacturing volumes, the selection of qualified EMS partners, the establishment of new production capacities, and the expansion of existing manufacturing structures.

Furthermore, we design resilient supply chain frameworks, conduct comprehensive risk assessments, and guide dual-sourcing strategies, with operational support through to a successful series production ramp-up.

[www.emssg.com](http://www.emssg.com) | [LinkedIn: Dirk Kaussen](#)

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