

Issue 8

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Director's message

Unlike many other programs Automotive Supplier Excellence Australia (ASEA) is not targeted solely at manufacturing improvements, but rather uses a whole-of-business improvement approach.



Linsey Siede

The ASEA Stage 3 Pilot program has been undertaken in the most difficult of economic conditions, and yet 95% of companies successfully completed their projects, delivering a range of outstanding results.

By the time you read this Newsletter our ASEA Stage 3 Pilot program will have drawn to a close, so it is therefore an appropriate time to reflect back on some of the results and successes achieved, challenges identified, and feedback provided over the past 11 months, to see if we fulfilled our aim of increasing the capability and competency of the Australian Automotive industry.

Through the use of accredited, highly skilled training providers, coaches and specialists, ASEA has the capability to provide assistance through a tailored program, in all of the key areas of automotive component producer competency as identified through Stage 2.

As mentioned in earlier Newsletters, by far the majority of improvement plans identified in the Stage 2 assessments were focused within the competencies of "management and leadership" and "manufacturing and quality", which between them encompassed more than 66% of all improvements. In order to provide the maximum amount of value and have the biggest impact within the shortest timeframe possible, the main focus of the Pilot was on implementing improvements within these two key areas, mainly through the use of category "B" type projects.

A standardized methodology for the implementation of these supplier improvement projects was used to maximize the impact, learning, sustainability and continued improvement, but a major influence on the success of the projects was the level of commitment of the Suppliers executive management team.

The category "B" projects required significant internal resources, and participant companies in ASEA needed to make a high-level commitment before undertaking their improvement projects by nominating an executive-level Business Improvement Leader, who is responsible for ensuring improvement projects are sufficiently supported within the organization.

A total of 36 improvement projects were implemented across 27 separate automotive supplier companies located in four States, spanning a timeframe between June 2008 and May 2009.

State	Companies	Projects						Category		
		SBP	Lean	MRP/IT	Supply Chain	Product Costing	Utilities	Total	"B"	"C"
NSW	2	2	1					3	3	0
Queensland	2	1	1	1				3	2	1
South Australia	7	3	4	1	2			10	3	7
Victoria	16	8	5	2	3	1	1	20	12	8
Total	27	14	11	4	5	1	1	36	20	16

For those not familiar with project Categories, Category "C" projects are where ASEA provides specialist resources to work on a specific project. Category "B" projects utilize a combination of training and coaching, to maximize not only the transfer of knowledge, but also the ongoing sustainability.

Four of the participating companies took the initiative and implemented both a Strategic Business Plan (SBP) and a Lean Enterprise category "B" project, which created a considerable time requirement on the management team. They all achieved excellent results, but in hindsight it would have been much easier and simpler to have implemented these projects in sequence, instead of overloading company resources trying to run them simultaneously.

Results:

A comprehensive diagnostic assessment was performed both "before" and "after" the project, which differed from the Stage 2 assessment process. The assessment process used in Stage 2 was broad and encompassed the entire business focusing on 10 main competency areas, whereas the diagnostic assessments used in Stage 3 went deep within a single competency, rather than broad across many.

Each key factor in the Stage 3 assessments was rated out of 5, and a summary of the consolidated results for the two main project areas are as follows:

Strategic Business Planning - Of the 19 key factors rated using the SBP diagnostic during the “before” process, the lowest consolidated scores were received for Analysis Tools (1.7), Stakeholders (1.8) and Communication (1.8). The highest scores were received for Mission (3.0), Monitoring Process (2.8), Values (2.7), Financial Plans (2.7) and Motivation (2.7).

Following the completion of the SBP projects the diagnostic process was repeated, and the percentage improvement between the overall before and after scores was an impressive 70%.

The highest consolidated scores in the after assessment were for Training (4.2), Values (4.0), Core Competence (4.0), Strategic Options (4.0) and Action Plans (4.0). The factors with the largest improvements were Analysis Tools (130%), Training (108%), Strategic Options (100%), Action Plans (100%) and Communication (100%).

Lean Enterprise - Of the 19 key factors rated using the Lean diagnostic during the “before” process, the lowest consolidated scores were received for Policy Deployment and Targets (1.5), Quick Change Over (1.7), Team Leader Role/Training (1.8) and Takt Time (1.8). The highest scores were received for Safe Working Environment (2.8), Heijunka/Planning (2.8) and Quality Operating Systems (2.8).

Following the completion of the Lean projects the diagnostic process was repeated, and the percentage improvement between the overall before and after scores was 23%.

The highest consolidated scores in the after assessment were for Safe Working Environment (3.3), Visual Control (3.3), and Management/Company Readiness (3.1).

The factors with the largest improvements were Team Leader Role/Training (57%), Visual Control (50%), 5S (46%), Takt Time (45%) and Policy Deployment and Targets (44%).

Feedback:

The process of obtaining feedback from the supplier companies (the customers of ASEA services) at all levels was extremely important, and has been continuous all the way through the Stage 3 Pilot project. A variety of channels and methods, both formal and informal, were used to gather this feedback including:

- Attendance and participation by the ASEA Director and/or Program Manager in initial and final training sessions, as well as project close-out meetings
- Attendance at close-out sessions and on plant tours by AutoCRC staff
- Monthly reports from ASEA coaches
- Questionnaires at the mid and end-points of each Category “B” project, and at the end of each Category “C” project
- Presentations by suppliers to the ASEA Steering Committee
- Supplier Forum
- Client liaison phone calls
- Participation by funding providers at supplier presentations
- Articles in the monthly ASEA Newsletter

Formal questionnaires were sent to all participants in the ASEA program, namely the CEO/MD, the Business Improvement Leader (BIL) and the Project Leaders (PL) at each automotive supplier, as well as the trainers and coaches delivering the services. These were sent for each separate project.

For each category “B” project, a questionnaire was sent out at the midpoint of the project, and again at the project completion, while for the shorter category “C” projects, they were only sent out upon completion.

All recipients were asked to complete a series of questions relevant to their own range of roles/responsibilities, and to indicate their responses with answers in the ranges as shown below.

Questionnaire Ratings						
1	2	3	4	5	6	7
Strongly Disagree		Agree			Strongly Agree	
Low Support		Acceptable Support		Highly Supported		
Did not meet expectations		Met expectations			Exceeded Expectations	

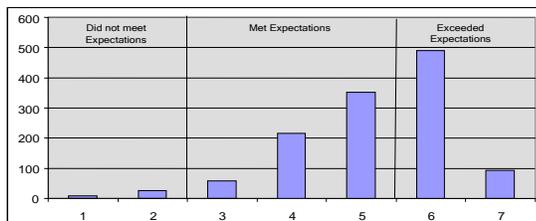
Relative to the important criteria of “coaching”, the “Final” survey results from the Supplier Companies indicate:

- 98% of respondents (Project Leaders) indicated that the frequency and duration of coaching sessions was appropriate. (61% 'highly appropriate')
 - 93% of respondents (Project Leaders) indicated that the coaching sessions were effective in supporting the project and enabling their own learning and development. (54% 'highly effective')
- Relative to the criteria of “training”, the “Final” survey results from the Supplier Companies indicate:
- 95% of respondents (Project Leaders) indicated that the training sessions were effective in increasing knowledge and understanding. (25% 'highly effective')

- 95% of respondents (Project Leaders) indicated that the combined training-coaching format was effective in establishing and reinforcing the learning. (50% 'highly effective')

A total of around 1200 individual ratings were received as part of the questionnaire feedback, and when graphed created a very positive picture of the overall program.

More than 75% of all results received back were scored at rating levels of either 5 or higher, with less than 3% of all feedback being rated less than 3. A total of 46.9% of results were in the "highly agree/exceeded expectations" range (levels 6 and 7), the overwhelming response indicated excellent support across the entire ASEA program.



Many of the tangible outcomes from the ASEA Stage 3 Pilot, particularly those from the SBP projects, are long term rather than immediate. However, the outcomes from the Lean and SCM projects do have numerous immediate results, as well as a long term impact.

Results from some of the projects have been:

- Labour savings of 60% (Target was 50%).
- Floor space reduction of 50% (Target was 30%).
- Reject improvement from 6% to 2% (Target was 4%).
- Productivity improvement of 17% (Target was >5%).
- Real time data recording on shop floor.
- Operational analysis,
- countermeasure, management control & target setting systems introduced.
- Standardized work gave a productivity improvement of 24% (Target was 15%).
- Tooling & machinery uptime improved by 4 hours/week (Target was 2hrs/wk).
- Die changeover time down by 70% (Target was 20%).
- Maintenance saving of 6 hours/week.
- Enhanced management and shop-floor alignment and teamwork.
- Already commenced the implementation of obtaining new products, markets and customers.
- Batch sizes reduced by 58%.
- Rework reduced by 50%.
- Reduced inventory levels by 20%.
- Forklift movements reduced by 63% (Target was 30%).

- Assembly time reduced by 25%.
- Cycle time reduced by 12%.
- Labour efficiency improved by 16%.
- Reduce inventory of local and overseas parts by 60%.

Some of the above results have helped to turn the products they are associated with from a loss position to a profit position, and the further implementation of additional improvements will only make this situation even better.

Many more improvement opportunities were identified and documented during the category "B" and "C" projects that were completed during the Stage 3 Pilot program. These additional improvements could be implemented either internally by the companies, or with the ongoing help of an ASEA coach as a category "A" project.

The future of the ASEA program is currently waiting on further funding, and we will keep you all advised as soon as we know any additional information.

Linsey Siede
Director

ASEA Stage 3 Pilot Supplier Forum

On June 23rd 2009, more than 120 senior representatives from the Australian automotive industry, Federal and State



Governments along with Education and Service providers, attended the inaugural ASEA Supplier Forum held in the Auditorium at Toyota Motor Corporation Australia, to share best practices and lessons learned from the implementation of ASEA improvement projects.

This was a unique event for a number of reasons, including the participation of executives from all three car companies who spoke at the Forum. They included Mr. Barry Budge, Corporate Manager, Purchasing Division, Toyota Motor Corporation Australia; Mr. Sam Casabene, Vice President Purchasing, Ford Motor Company of Australia; and Mr. Sean Liang, Director Global Purchasing & Supply Chain, GM Holden Ltd.



L – R: Forum presenters included Mr Sam Casabene, Mr David Sykes, Mr Jim Griffin, Dr Matthew Cuthbertson and Mr Barry Budge.

Four of the 27 supplier companies participating in ASEA Stage 3 presented their experiences to the group, including sharing the background, process, results, benefits and lessons learned.

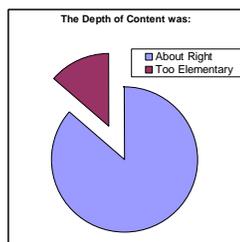
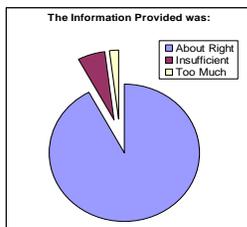
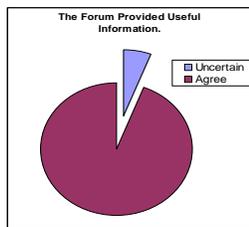
The projects covered a variety of critical areas within their businesses such as Strategic Business Plans, Lean Enterprise and Supply Chain Management.

The four Supplier companies highlighted at the Forum were Backwell IXL, Diver Consolidated Industries, Numetric Manufacturing and Century Yuasa batteries, who all achieved outstanding results from their respective projects.

To complement these speakers, Dr. Matthew Cuthbertson CEO of the AutoCRC presented a synopsis of the ASEA program so far, highlighting the fact that company-wide best practice assessments have been conducted on 63 Supplier Company's, with 36 separate improvement plans already implemented and completed through the Stage 3 Pilot program.

Feedback from the Forum was extremely positive, as can be seen below.

Forum Feedback



L - R: Mr Mark Phillips, Mr Jeffery Beeston, Mr Nicholas Wing and Mr David Fraser taking advantage of the networking session.



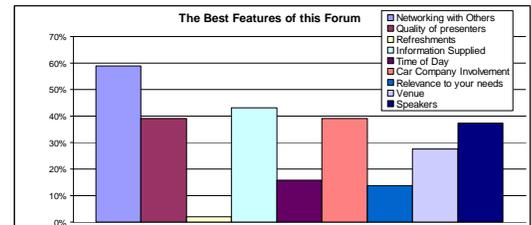
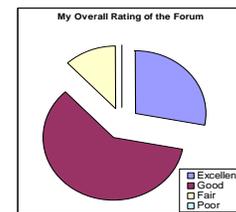
Mr Linsey Siede ASEA Director and Forum MC



L- R: Mr Brian Hughes, Mr Barry Budge, Dr Gary White, Mr Sam Casabene

From an overall perspective, 88% of people rated the Forum as Excellent or Good, with 12% rating it as Fair and 0% rating it as Poor. The main reasons stated for the "Fair" rating were:

- More specific information required.
- More specific details required.



The features attendees liked best were:

1. Networking with Others (59% of respondents).
2. Information Supplied (43%).
3. Quality of Presenters (39%).
4. Car Company Involvement (39%).



An excellent turn out for ASEA's first Supplier Forum.

Want to find out more?

For further information on the ASEA Program, suggestions or if you would like to be added to ASEA Newsletter distribution list, please email angela.birley@asea.net.au.

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