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Director's Message



As we move through the second semester of the Automotive Supply Chain Development Program (ASCDP) for Element 1, the Automotive Supplier Excellence Australia (ASEA) team is now firmly focused on the implementation of projects at Suppliers, and spreading success stories through both Supplier Forums and Best Practice Visits.

With over 60 Suppliers now participating in the program and assessments completed at more than 50, the immediate focus has shifted into the value adding phase, which is achieved through the successful implementation and completion of the projects identified during the assessment. By undertaking projects that were documented and prioritized in the improvement plans presented to the Suppliers in the assessment close-out Reports to close the gaps, real changes can be made to a Suppliers business.

It is of interest to note that the distribution of the improvement plans across the 11 competency areas has changed slightly from that of two years ago, but the top three competencies remain unchanged.

Figure 1 shows a breakdown by Competency Area for all of the 250 Improvement Plans documented in the assessment reports received by the 65 companies that participated in the 2008-2009 ASEA Program. In this early program, there were only 10 competency areas considered, with "People & Performance" (PAP) being added for the 2010 program.

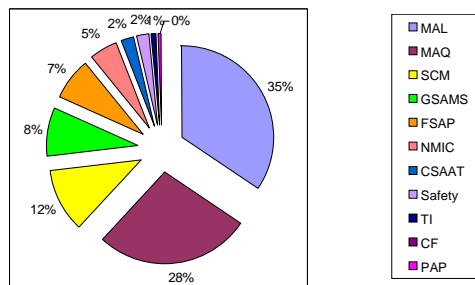


Fig 1: 2008-2009 Program - All Improvements Competency Areas

Figure 2 shows the distribution of all of the 240 improvement plans identified for the first 40 Suppliers to participate in the 2010 program. This shows that although the percentages have changed

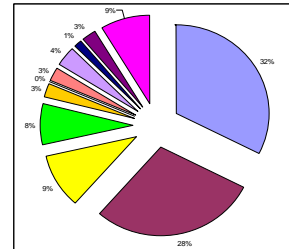


Fig 2: 2010-2011 Program - All Improvements

However, if we focus on just the Priority 1 and 2 improvement plans as identified in the Improvement Plan Reports, we can see in Figure 3 that not only

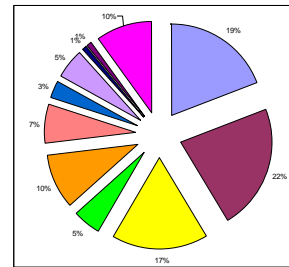


Fig 3: 2010-2011 Program - 1st & 2nd Priority

It was critical for the ASEA team to know both the order and the quantity of improvement plans in each competency area for the 2010 program as early as possible, so that trainers and coaches could be available to help Suppliers when they wanted to start their projects, without introducing long delays. Initially the 2008 breakdown was used as a guide to select appropriate coaches/trainers, and this selection has now been validated with the 2010 results.

ASEA currently has contracts with more than 20 coaches/trainers, who can cover projects across all of the competency areas. This includes a number of specialist coaches focusing on areas such as Human Resources, Energy Reduction and Waste Management.

The ASEA team is now working with Suppliers on more than 60 projects covering most of the 11 competency areas. We look forward to working with all Suppliers participating in the program to help them improve both short term competitiveness and long term sustainability.

Forums & Best Practice Visits

The assessment process used by ASEA not only identifies gaps between where a Company is currently operating and Global Best Practice, it also identifies where Best Practices are being used by those same Companies.

A key deliverable for ASEA is to find, disseminate and embed knowledge and best practices throughout the Automotive Supplier Industry. Two ways we can do this is by running Forums to share the learning and experiences Supplier's have obtained from the projects they have implemented, and secondly to hold Best Practice Visits at Suppliers that exhibit and excel at those traits.

This Newsletter documents some of the exciting events that were held during the months of October and November, and more are planned over the coming months. Please check our website at www.asea.net.au where you will find more details about upcoming events, as they come to hand.

ASEA/C21 Joint Industry Forum

The second Industry Forum for 2010 (and the third overall) was held on October 15th, 2010 at the Ford Training Centre in Campbellfield. Despite it being held on the same day as the opening of the Sydney Motor Show, an excellent roll-up of people was in attendance.

More than 100 people registered to hear presentations focused on the Forum Theme of "Competitiveness / Diversity / Success" by Mr. Peter Haynes from Ford, Mr. Barry Budge from Toyota and Mr. Jaydeep Solanki from Holden, representing the 3 Motor Vehicle Producers (MVPs), as well as an address from Mr. Roger Arwas, Executive Director, Small Business Victoria, Department of Industry, Innovation and Regional Development.

Speakers from four Supplier Companies were highlighted in the Forum, and gave presentations reflecting some of the achievements they have attained from participation in the ASEA or C21 programs.

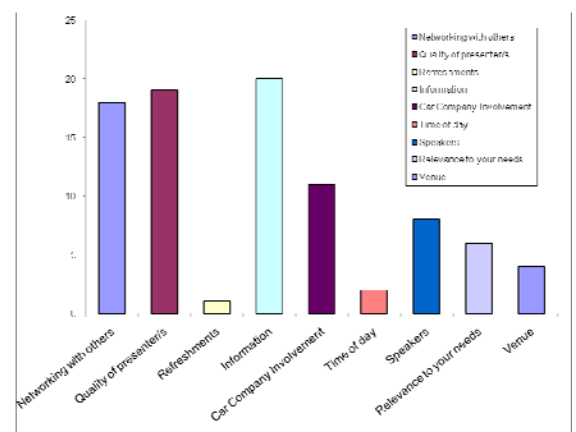
They were Mr. Jason Oliver from Black Widow Enterprises (C21), Mr. Mario Turcarelli from Dolphin Products, Ms. Joy Adcock from Continental, and Mr. David Lyon from Mackay Consolidated.

The afternoon event featured two sessions for networking and a display of two of Ford's latest vehicles including the new 335 kW FPV Falcon.

Questionnaires completed by the audience at the end of the event indicated a path of continuous improvement since the last Forum. Feedback and suggestions obtained from the previous Forum such as longer question time, improved visuals and registration lists were implemented and resulted in an even more improved feedback.

Responses to the question "Did the Forum provide the information I needed" were 100% in agreement while 96% agreed that the information provided was "about right", and 88% agreed that the depth of the content was "about right". This compares to 88%, 90% and 90% respectively, from the previous Forum.

The top 3 "best features" of the Forum were the same as last time being 1) The Quality of the Presenters; 2) The Information Supplied and 3) Networking with Others. Overall the Forum was rated as Excellent by 84% and Good by 16%.



Best Practice Visits - 27th October, 2010

Unidrive - Melbourne



Identified through the ASEA assessment process as a best practice Company in a number of key metric areas, Unidrive graciously agreed to host a best practice visit at their Clayton site. The 12 visitors were general managers and production managers from companies participating in the ASEA program, across 3 states.

Unidrive presented the visitors with the story of their lean journey, which commenced in 2001. The changes evidenced by the before and after pictures was remarkable. The impact of hearing a true-life example of an organization transforming itself was much more powerful than any academic exercise. The plant visit covered two of Unidrive's factories, which manufacture and assemble propshafts, driveshafts and some smaller drivetrain components.

No doubt different visitors picked up different examples of best practice that they can apply back in their own operations. Overall, feedback from the visitors was of being most impressed with what Unidrive has achieved in visual controls, cleanliness of the plant, high levels of quality, low levels of WIP, practical use of visual management, the level of management commitment to and involvement with continuous improvement.

A big thank-you to Unidrive for hosting the best practice visit and for sharing their learnings from the journey so far. More information about Unidrive can be found at <http://www.unidrive.com/>.

Hirotec - Adelaide

Visitors from 8 South Australia based Companies participating in the ASEA program were treated to a unique experience, when Hirotec were kind enough to agree to host a best practice visit at their Elizabeth West plant. Hirotec were identified through the ASEA assessment process as a best practice company in a number of key metric areas. The visitors received presentations from Hirotec on the history of their company and its entry into the Australian automotive industry. The purpose built facility started production in 2006, and the plant tour covered Hirotec's operation, which manufactures and assembles automotive closure parts such as doors, hoods and boot lids.

The Hirotec automated stamping line demonstrated a quick changeover while the tour was being conducted, and the cleanliness and visual displays drew very favourable comments from the visitors.

Undoubtedly different visitors saw different things, however during the discussion after the tour the following items highlighted and impressed the visitors : Visual management systems and displays, Well disciplined process flows, cleanliness and quietness of the plant, Kaizen and maintenance boards and Automated Die Change

ASEA would like to thank Hirotec very much for hosting the best practice visit, and for sharing their learnings with other automotive suppliers.

More information on Hirotec can be found at <http://www.hirotec.co.jp/hirotec/renew/eng/04group/australia.html>





Forthcoming Forum

ASEA/AutoCRC Forum - "Building Lean Capability"
November 30, 2010 - 9:15am - 12.30pm
Port Park Conference Centre, Building 2,
Ground Floor, 574 Plummer Street,
Port Melbourne, VIC, 3207

This seminar has been designed by ASEA and AutoCRC specifically as a practical and fun introduction for the R&D and Engineering communities. We believe that everyone will benefit from gaining insight into the fundamental drivers of LEAN from a practitioner's perspective. It is an excellent opportunity to network with leading automotive experts in Lean and come away with new connections, new tools and initiatives. The seminar is supported by AutoCRC and ASEA, there is no cost for attendees but we do need to know numbers in advance so please *RSVP by Tuesday November 23, 2010 to judy.boyce@asea.net.au (Phone 03 9673 5922).*

Visual Management Wall

The ASEA metrics wall is a key part of the project management system that assists the ASEA Team to keep a focus on the growing number of completed assessments and initiated improvement projects. At the moment 52 assessments have been completed and 9 more have been scheduled. The completed assessments result in a set of Improvement Plans from which participating companies select improvement projects. So far 66 improvement projects have been initiated and 2 have been completed.

As mentioned in the previous issue of the ASEA newsletter, we are tracking the following in the Improvement Project Phase:

- 1) Project Detail - subject, category, size, competency and priority
- 2) Setup Stage - initial and scoping meetings, client cost, invoicing and payment
- 3) Review Stage - timing, status frequency and % completion
- 4) Feedback Stage - mid and final project content and engagement process

In the Project Detail and Project Setup sections, an important part of the project initiation is the completion of the Project Scoping Document which is populated by the ASEA Coach in conjunction with the client company.

The Project Scoping Document establishes an agreed foundation for the commencement and tracking of an improvement project and includes the following:

- 1) Project Title
- 2) Project Leader signoff (Client company)
- 3) Project Scope - Definition & Deliverables
- 4) High Level Schedule
- 5) Key Resource Requirements
- 6) Project Stakeholders
- 7) Budget - ASEA Costs & Subsidies
- 8) Project Authorisation - ASEA and Client Company

Key aspects of the Project Detail and Setup sections are tracked to ensure that an approve project scoping document is in place prior to the commencement of the improvement project.

The weekly updates of the Improvement Project Tracking Matrix is complimented by the regular reviews between the ASEA Client Mangers and the ASEA Business Coaches who are working alongside the respective Client personnel. The ASEA visual management wall assists to keep the ASEA Team's focus on the many improvement projects that have been initiated.

Training and Coaching Products

Three new Training/Coaching products have been sourced for delivery to participating companies beginning in the New Year. These products cover priority improvement areas as identified during the assessment process and complement existing products in Strategic Business Planning, Lean and Supply Chain Management. Joining ASEAs product suite are:

- Financial Systems and Practices - delivered by the Australian Institute of Management (AIM)
- Leadership and Management - delivered by DeakinPrime
- Global Marketing Strategies - delivered by Roaring Success

Each product is designed according to the proven ASEA model of tailored training (to build skills and knowledge), and coaching (to support applications, increasing knowledge transfer and sustainability). The courses are flexible, with delivery contextualized through a diagnostic review. They are suited to delivery to all participating organisations, regardless of size or existing capability.

If you are interested in participating in one of these programs, please contact ASEA through your Client Manager or our website www.asea.net.au .