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Director's Message



The 2011 year has had an extremely busy start for the ASEA team, as we continue to build momentum with assessments, project implementation, forums and best practice visits.

The ASCDP Element 1 program now has 63 Companies participating, and we have already completed the Assessments at 60 of those Suppliers. Reports for 55 of these have been compiled and provided back to those Companies at "Close-out Meetings", and with an average of just over 6 Improvement Plans being identified for each Company, there are already 330 potential improvement opportunities documented.

The highest "value adding" part of the ASEA process has now commenced in earnest, and that is the identification, selection and implementation of the projects. At this stage, we have already initiated 102 projects across 46 Companies throughout 4 States, with discussions being scheduled for an additional 11 projects.

The assessors at Deloitte have estimated the quantifiable savings associated with the improvement projects identified through the assessment process, to amount to more than \$80 million over a 3 year period. Additionally, savings are also being obtained by suppliers through the completion of projects such as Strategic Business Planning, Leadership and Management, etc, which cannot be easily quantified.

On top of these savings, the flow-on effects across other parts of the business are providing Companies with even greater savings, and the ability to expand into other product-lines or business sectors.

Of course, in order to deliver 100 or so projects concurrently, we need quite a large team of coaches and trainers, and to this end, we recently conducted "Coach Training, Assessment & Certification" courses in both Melbourne and Adelaide. We have continued to use Dr. Margaret Rossiter from the Australian National University in Canberra to run these courses, and we currently have a total of 34 trained and certified coaches ready, willing, and able to help suppliers across a broad range of projects, products and competency areas.

The ASEA process and some of the product offerings (training/coaching courses) that ASEA can provide, are now documented in a new 12 page brochure available in hardcopy from the ASEA Office, or in soft copy from the ASEA website at www.asea.net.au.

The ASEA Supplier Forums are important events that allow Suppliers to share their experiences with an audience including their fellow suppliers, governments and customers, on the outcomes they have achieved through the successful implementation of Improvement Projects, and the lessons they have learned along the way. We have just completed Forums in both South Australia and Victoria, with excellent attendances of more than 40 in Adelaide and 100+ in Melbourne.

Additionally, as part of the assessment process, we not only identify opportunities for improvements, but also best practices that exist within the supplier industry. These supplier companies are then asked if they would host a "Best Practice Visit" to their facility, and share this information with their fellow suppliers. We have been very fortunate to have three suppliers agree to conduct these visits within the last 6 weeks, and sincerely thank them for allowing others to share this experience.

We are certain this will be another busy year for the ASEA Team, and look forward to meeting up with you at one of our many ASEA events.

Supplier Forums

Forum #4 - "Agile, Competitive, Capable" - Conference Centre, Quest Mawson Lakes, South Australia - 15th February, 2011

On Tuesday 15th February, the fourth ASEA Supplier Forum of the series, was held in Mawson's Lakes, South Australia. Hosted at the Quest Conference Centre in Mawson Lakes, Adelaide, the theme was 'Agile, Competitive, Capable'. The forum was attended by over 40 industry participants from South Australia.

The supplier presentations covered projects across multiple competencies and disciplines including, People & Performance, Management & Leadership, Manufacturing & Quality and Procurement & Project Management.

Special thanks must go to Ian Cogdell from Toyota Gosei, Greg Lowe from TI Automotive Australia, Darrin Spinks from Precision Components Australia



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and Carl Pease from Numetric Manufacturing, for sharing their Company's experiences.

During the afternoon, Purchasing Executives from Ford and Holden presented updates. Thank you to Carl Parkin, Ford Motor Co. of Australia and Jaydeep Solanki from GM Holden. Also from DIISR, Nicholas Wing presented information about available funding to Tier 1 Suppliers under Round 3. Further details about this funding are included in this Issue.



The Forum was very well received with positive feedback.

Forum #5 - "Managing For Change" - Toyota CHQ Auditorium, Port Melbourne, Victoria - 28th February, 2011

The fifth ASEA Forum titled "Managing for Change" was held on 28th February, at the Toyota CHQ Auditorium in Port Melbourne.

More than 100 people attended the event to listen to presentations in a "jam-packed" Forum from the Car Companies represented by Mr. Barry Budge - Toyota Motor Corporation Australia Ltd and Mr. Carl Parkin - Ford Motor Company Australia Pty Ltd, a number of suppliers that are taking part in the ASEA program, the Federal Government and two specialist providers.

Supplier presentations were given by Ms. Marita Wachter - Continental Pty Ltd, Mr. Brian Hughes - Composite Materials Engineering Pty Ltd, Ms. Nola McAuliffe - Hella Australia Pty Ltd and Messrs Cade Arnel and Tony Simmons - FMP.

Mr. Jeff Beeston from DIISR provided information on Round 3 of the ASCDP Element 3 program, which is for Tier 1 suppliers to be able to help their Tier 2 suppliers (see below on page 4).



Finally, we also had Mr. Peter O'Brien - ASEA Coach/Trainer (DeakinPrime) talk to the group about "Leadership & Management" and Mr. Terry Gavin - ASEA Trainer (Australian Institute of Management) to talk about "Financial Systems and Practices".



Feed back following the Forum acknowledged the excellent line-up of speakers and the networking time available, but would have liked some question time at the end. The line-up will be adjusted next time to allow for this.

Best Practice Visits (BPVs)

Australian Arrow - Carrum Downs, Victoria 3rd February, 2011

During the ASEA assessment phase Australian Arrow were identified as best practice in a number of key metric areas and they readily agreed to host a best practice visit to their Carrum Downs facility. The 16 visitors induced general and manufacturing managers as well as facilities/environmental engineers from Queensland, South Australian and Victorian based companies.

Australian Arrow is part of the global Yazaki Group and they have been in Australia since 1974 becoming a pre-eminent designer and manufacturer of electrical distribution systems and electronic products. During the best practice visit they shared their journey with *sustainable business practices and environmental management* which is now an ongoing part of the company DNA.



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Their presentation covered their sustainability principles, environmental management systems, product life cycle including design for the environment, substance of concern, customer requirements and the sustainable purchasing policy.

The sustainable business practices are based on the *Plan - Do - Check - Act* cycle which covers policy & values, procedures & targets, KPI performance and continuous improvements. The subsequent plant tour demonstrated not only an excellent use of visual management for production but also for their sustainability business performance which includes management, social, economic and environmental KPI's.

The environmental indicators include paper and water usage, their carbon footprint and waste management including a waste disposal map.

Australian Arrow are engaging their total workforce with their sustainable business practices particularly the environmental activities both internally and externally in the community.

One of the key messages from this best practice visit was that being a good corporate citizen pursuing sustainable business practices makes great social and economic sense.

The ASEA team would like to thank Australian Arrow for hosting the best practice visit and for sharing their approach to sustainable business practices. More information about Australian Arrow can be found at <http://www.australianarrow.com.au>



Toyoda Gosei Australia Pty Ltd - Edwardstown, South Australia 8th February, 2011

This Visit again provided real demonstrations of some excellent examples of Best Practice applications in an automotive environment. The tour started with a Company and project overview by Steve Webster, Chief Financial Officer for Toyoda Gosei (TG). The visitors comprising members from suppliers from 2 states, were then shown the practical aspects of the assembly of a range of products. The tour showed Visual management and 'Andon' systems, one piece flow and support systems, and the KPI management 'Kaizen room'.

The Manufacturing Manger, Milad Tawil, and TPS Team Coordinator, Gail Gordon walked the team through the Driver and Curtain Air Bag assembly and the Steering Wheel assembly areas, answering any and all questions. The tour was completed by a Q&A session in the Kaizen room.

ASEA would like to thank Toyoda Gosei for allowing both their site and their people to be involved in this tour. Continually we are reminded of the similarities in the issues facing automotive suppliers, and these tours often show the different but valid approaches used by companies to overcome these issues.



Robert Bosch (Aust.) Pty Ltd - Clayton, Victoria 22nd February, 2011

On Tuesday 22nd February, eleven visitors from ASEA participating companies were given a tour of the Bosch Australia plant at Clayton.

First we were given an overview of the Bosch organisation globally and in Australia, followed by a presentation on the Bosch Production System.



The plant tour took us upstream along the supply chain, commencing at the dispatch area, working up through the plant warehouse to the receiving area, followed by a tour through the manufacturing operations. At each location, Bosch team leaders presented on their application of lean principles and their visual management systems.



The locally-developed warehouse workload balancing system (basis for indirect productivity improvements) has been extended from a time-window based dispatch monitoring system that originated in one of Bosch's Japanese plants, and is now rated as a benchmark in the global Bosch organisation.

Many thanks to the Bosch people who gave up their morning to share their learnings and best practices with the ASEA delegates.

The Bosch Group celebrates 125 years since foundation this year and also the 150th birthday of its founder, Robert Bosch.

www.bosch.com.au

Coach Training

Sessions held in Melbourne & Adelaide



An important part of the ASEA program is in making certain the people we provide to help Suppliers are not only knowledgeable in their own right, but that they can transfer this knowledge through training and coaching.

To this end, all ASEA coaches must be "certified" through an independent external process that was initially set-up for Stage 3 of the program in 2008. This 1-day program is to make sure ASEA coaches can actually "coach" so the maximum knowledge transfer can be realized.

With a total of 34 certified coaches, ASEA can now offer suppliers support in all 7 products documented in the ASEA brochure, as well as other specialized areas such as Energy Management, and Waste Reduction.

ASCDP - Round 3

Call for Applications - Supplier Development Grants

ASEA is currently receiving funding from the Australian Government's Automotive Supply Chain Development Program (ASCDP), one of the initiatives of *A New Car Plan for a Greener Future*. This Program also provides funding to directly support supplier development activities undertaken by motor vehicle producers and Tier 1 suppliers.

The ASCDP is providing \$20 million from 2009-10 to 2012-13 to assist the automotive components sector enhance its capabilities and better integrate into local and global supply chains. Round 3 of the Program was launched on 23 February 2011, and applications are due on 1 April.

Element 3 of the program is designed to assist Tier 1 suppliers to Motor Vehicle Producers to implement development strategies for their own suppliers and other businesses further down the supply chain and assist them to more effectively identify and secure emerging opportunities. Individual grants will ordinarily range between \$50,000 and \$80,000, but there is scope for the Assessment Panel to consider grants outside this range. Applications are assessed on a merit basis. They close on 1 April 2011, with successful applicants being notified soon after.

If you consider that your business, or its supply chain partners, might benefit from a project undertaken under Element 3 of the ASCDP, you are strongly encouraged to apply for funding assistance. Further information is available from the *Information for Applicants* document on the Department's website at: <http://www.innovation.gov.au>. Alternatively, you can contact the Automotive Policy and Development Section, Manufacturing Division, Department of Innovation, Industry, Science and Research on +612 6213 7088 or +612 6213 7544.