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Inside this Issue:

Director's Message	1
Supplier Forum	1
Victorian Update	2
South Australian Update	2
Waste Reduction Project	2
Product Development	3



Director's Message



As the Automotive Supply Chain Development Program (ASCDP) enters its second year, it is interesting to reflect back over the past 12 months and to look at some of the milestones achieved by the Automotive Supplier Excellence Australia (ASEA) team, who are responsible for delivering Element 1 of this Program.

So far the ASEA team has:

- Completed assessments and delivered Benchmark Reports to 60 Supplier companies
- Identified and documented more than 400 Improvement Project opportunities
- Identified opportunities that could deliver savings of \$80 million over 3 years
- Initiated more than 100 Projects across 46 Companies throughout 4 States
 - Is currently working on more than 80 Projects
- Already completed 20 Projects
- Contracted more than 50 specialist trainers and coaches from across 4 States
- Certified 35 Coaches located in 3 different States
- Completed 5 Best Practice Visits in Victoria and South Australia
- Conducted 5 Supplier Forums in Victoria and South Australia.

The sixth ASEA Forum has already been scheduled for the afternoon of June 20th, and will feature four suppliers speaking on the theme of "Diversification-Innovation-Consolidation". Our thanks go to GM Holden who has agreed to host this event at their Port Melbourne facility, so please put this date in your diary. Invitations will be sent out shortly.

Although the ASCDP Program has only been in operation since March 2010, the ASEA program has been around since 2007. Utilising a disciplined approach of continuous improvement via customer feedback forms, ASEA has continuously updated and improved both the assessment and the project implementation processes used in this program.

Feedback forms are sent to all suppliers at the completion of their assessments and at the completion of each project, requesting their honest evaluation of the delivery, the outcomes, and the processes used. This feedback is then used to update the way ASEA interacts with Suppliers and to both monitor and continuously improve our performance.

However the success of the program not only relies on rigorous internal processes, but also relies heavily on the commitment of the leadership and project managers at the Suppliers. As projects are completed, deadlines met, results delivered and savings are realised, confidence within the Suppliers builds.

Every Supplier that has completed a project and seen the benefits has immediately initiated and implemented additional projects. In a number of cases Suppliers are already implementing their third or fourth projects, with outstanding results being produced.

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

Supplier Forum #6

"Diversification-Innovation- Consolidation"
GM Holden Headquarters, 191 Salmon Street, Port Melbourne, Victoria - 20th June, 2011

The sixth ASEA Forum is scheduled to be held from 2:00pm to 5:00pm on June 20th, 2011 at the GM Holden headquarters located at 191 Salmon Street, Port Melbourne.

Many of the projects currently being implemented are focused on helping develop robust Strategic Business Plans and/or Marketing Plans. These plans rely on companies understanding their core competencies (which are not always obvious), and then broadening their customer base into other products, sectors and/or countries.

The topic for Forum #6 follows on from previous Forums, and will be focusing around "Diversification-Innovation-Consolidation". Speakers from AiAutomotive, Futuris, Hella and Venture DMG will outline how their companies have implemented different aspects of the overall theme. Speakers from GM Holden, Ford and Toyota will also address the Forum.

Time will be allocated for networking sessions at the commencement and during the Forum and a question and answer session with all speakers is scheduled at the end of the Forum. Invitations will be sent out shortly but in the meantime please diarize the date.



Victorian Update

As we move well into the project delivery phase of ASEA, we are seeing the payoff for the effort and investments contributed by the participating organisations being realised. Feedback to ASEA from the participating organisations has been overwhelmingly positive, with many companies who have finished their first major project now commencing a second or third project.

Of the 140 projects to be funded by ASEA through the ASCDP Element 1 Round 1 Program, 105 have already been initiated by ASEA participants. Of these, 70 are being undertaken in Victoria and cover a wide range of competency areas including:

- Management and Leadership
- Manufacturing and Quality
- Supply Chain Management
- Global Sourcing and Marketing Strategies
- People and Performance
- Financial Systems and Practices
- Cost Structures and Analysis Tools

Some examples of the benefits gained by ASEA participants include:

- Substantial savings from reduced production reject rates, and more efficient production layouts
- Reduced energy consumption, reduced volume of waste and reduced cost of landfill
- Development of 5-year strategic plans where the added benefits include greater levels of business understanding, commitment and ownership among the company's senior management
- Delivery of Leadership Development Programs and HR programs designed to maximize employee teamwork, job satisfaction, and productivity
- Assistance with the challenges of identifying new opportunities, breaking into new markets and developing new products

As well as Federal Government funding for these projects, the Victorian Government Department of Business and Innovation also contribute to the project delivery costs, making them a compelling business proposition for participating companies. A key part of the successful project implementation relies on the management teams at these suppliers dedicating the time, and providing the appropriate level of commitment and attention.

All interested organisations who would like to implement ASEA projects this year should now have a clear timetable for project delivery. If not, please

urgently contact your ASEA Client Manager, Peter Taylor or Tom Chappell (Victorian Participants Only).

South Australian Update

Following the completion of the assessment phase, there have been 34 improvement projects initiated by companies located in South Australia. Some of these projects have already been completed and others are well on their way.

The 34 projects undertaken in South Australia have mainly been centered on the following themes:

- Strategic Business Planning
- Lean Manufacturing, including Lean layout
- Supply Chain Management
- Energy Usage
- People and Performance
- ERP/MRP Systems and Options
- ACIS/ATS improvements
- Risk Assessment and Ergonomics

The benefits being gained by the supplier companies from these projects are very clear, and they are finding that the ASEA assistance is supporting their companies in practical ways, with the provision of specialist support in a timely and effective manner.

A key part of the successful project implementation within these companies relies on the management teams allocating the time, commitment and appropriate personnel, to ensure the gains made by ASEA projects are maintained in the long term.

Those organizations that have not yet implemented ASEA projects this year should immediately contact their ASEA Client Manager, as all projects should be implemented by 30th June 2011, and must be completed by December 31st, 2011.

Please contact the South Australian Client Manager, Peter Cesco (Mobile 0422 006 111).

Continental Waste Management Project

An improvement project focusing on Waste Management was identified during the ASEA assessment, and implementation at Continental commenced late last year.

To assist Continental undertake this project, ASEA engaged Green'Chip, a Melbourne-based company who is a specialist in environmental management.



Director of Green'Chip, Anthony Peyton and his team, conducted a full analysis of all material discarded through the manufacturing process at Continental's Bundoora site, and determined that as much as 64% by weight could be recycled in the first instance and thus, diverted from landfill. Additionally, some of that material for recycling had an economic value, so was able to be on-sold to industrial customers identified by Green'Chip. Jeff McKeddie, Facility Manager from Continental said, "We are very pleased with the work that Anthony has done for us. He has provided a resource to us that will help us minimise the waste that goes to landfill and potentially find alternative uses for much of it. Through education of our employees to support the long term changes identified from this project we expect to improve our environmental management system, reduce our environmental impacts and save money."

The Automotive Group of Continental is one of the leading global automotive suppliers. With its three divisions - Chassis & Safety, Powertrain and Interior, it achieved sales of approximately €16 billion in 2010. The Automotive Group employs around 87,000 people in more than 170 locations worldwide.

Continental Pty. Ltd. is a signatory to the Australian Packaging Covenant, a commitment by governments and industry to the sustainable design, use and recovery of packaging.

Further reading; The Beyond Waste Fund (formerly called the Waste Reduction Fund) is a Victorian Government \$14 million initiative over four years, to help businesses reduce the waste sent to landfill by supporting innovations that reduce the waste generated from their daily operations. Round 2 Expressions of Interest in the Beyond Waste Fund will open in July 2011. See <http://www.epa.vic.gov.au>

Global Sourcing Strategy Project Development



improvement in their operation.

ASEA is well on the way with the development of our latest ASEA product, Global Sourcing Strategies (GSS), which will enhance the strategic outlook of participants with respect to their procurement activities. GSS was one of the seven areas highlighted during the initial assessment phase with participating companies as having the significant need for



Eileen Keane and Anthony O'Connell, who are ASEA team members (pictured above and below), have structured the GSS product in the same format as the other ASEA training and coaching products.

This commences with a diagnostic assessment (measuring before and after) followed by the executive alignment, training in procurement modules and then coaching with the project aspect of the engagement. The GSS product is segmented into the following training modules:

Module #1: Overview Strategic Procurement (Executive Alignment)

Module #2: Pre-Sourcing - "Define and Source"

Module #3: Post-Source/Pre-Supply - "Refine and Execute"

Module #4: Supplier Management - "Maintain the Promise" (including Scorecard)

A range of very user friendly templates have been developed that will complement the existing procurement toolkit of participating companies. Overall the GSS product will enhance the competencies in strategic decision making, supplier relationships, cost structure and strategic procurement processes.

