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### Director's Message



As we stride forward into the new 2011/12 financial year and enter the final 6 months of Round 1 of the Automotive Supply Chain Development Program (ASCDP) program, the ASEA team is simultaneously preparing to commence the second round of the program, which will finish in June 2013.

Recent unsolicited feedback on the program - obtained during Automotive Week - has been both encouraging and rewarding, and validates feedback obtained from those companies already participating in the program. It would appear the ASEA processes and products are becoming more widely known from both within and outside of the Automotive sector, particularly as participating companies talk about the improvements they have implemented, and the benefits that are being realised.

In this current program ASEA is working with 65 automotive supplier companies and/or sites, which are spread throughout 5 different States, and we are well on our way to reaching our target of implementing 140 projects. These projects have covered a broad array of disciplines, and the average scores of the feedback from participants on the completion of their projects for all Questions has been well into the "exceeded expectations" category.

Using the rating system of 1 & 2 for "below expectations", 3, 4 & 5 for "meeting expectations" and 6 & 7 for "exceeding expectations", the two questions achieving the highest ratings were Q4 "Could another ASEA project could be conducted elsewhere within the organization" with a score of 6 out of 7, and Q6 "I would recommend my Company participates in additional ASEA projects" with an incredible 6.3 out of 7.

Last month we completed a very successful sixth Forum, which was held at the Holden head office in Salmon Street, Port Melbourne. As well as hearing from executives representing Holden, Ford and Toyota, attendees at the Forum also heard from four of the companies who have undertaken projects with ASEA. Their presentations covering the critically important topics of Diversification, Innovation and Consolidation were very well received by all

attendees, and created much discussion during the networking sessions.

The ASEA Forums are a unique way of companies being able to gain knowledge and learn from the experiences of their peers, without having to go through many of the same learning experiences. These events can only work thanks to the willingness and openness of the speakers to share this information, so special thanks must go to all of the speakers.

A second way to share information is through the ASEA "Best Practice Visits" (BPV), and on June 30<sup>th</sup> the sixth BPV was held, this time at Continental in Bundoora. As we move forward into Round 2 of the ASCDP program, the ASEA team will be looking for other suppliers exhibiting best practices, and who would be willing to host a visit and share this knowledge with their peers.

The success of the ASEA program relies heavily on a disciplined set of 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 realised, we are seeing the confidence within Suppliers continue to build.

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](http://www.asea.net.au)

### Automotive Supply Chain Development Program - Element 1 Round 2

The ASEA and AutoCRC teams are pleased to announce they have been successful in obtaining additional funding in Element 1 Round 2 of the ASCDP program. This was announced by the Honorable Senator Carr on May 25<sup>th</sup> 2011, and the link to the Press Release can be found in the "News & Events" section of the ASEA website at [www.asea.net.au](http://www.asea.net.au)

This additional funding will allow ASEA to continue to assist automotive industry suppliers with the implementation of their project improvements until June 2013.



### Supplier Forum #6

#### "Diversification-Innovation-Consolidation"

The sixth ASEA Forum was held on June 20<sup>th</sup>, 2011 at the GM Holden headquarters located at 191 Salmon Street, Port Melbourne.

The topic for Forum #6 built upon previous ASEA Forums, and focused on the critically important subjects of "Diversification - Innovation - Consolidation".

With more than 100 acceptances from an extensive range of Victorian Automotive Suppliers, State and Federal Governments, and a range of Service Providers, the forum was an excellent opportunity to gain knowledge and information from companies who have already implemented successful projects in these areas.



Many of the ASEA 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 going global.

A big thank you to Calvin Stead, AiAutomotive (AUTODOM), David Chuter, Futuris Automotive Group, Olavi Rantala, Hella and Dean Lomas, Venture DMG, who outlined how their companies have implemented projects focused on topics such as "Strategic Consolidation", "Matching Organizational Requirements to meet changing business needs" and "Strategic Business Planning to Diversify and Innovate".



*Mr. Jaydeep Solanki, GM Holden and Mr. Barry Budge, Toyota.*

Our well known Car Company Executives Jaydeep Solanki - GM Holden, Dominic Raimondo - Ford and Barry Budge - Toyota presented business updates and ASCDP Element 2, Round 2 future plans, and we sincerely thank them once more, for their continued council and support.

The feedback from the Forum continued to be very positive, with many attendees complimenting the speakers on the high quality of their presentations.

### Annual Assessments

Since April 2010, 64 out of 65 company sites have completed the initial ASEA onsite assessment and have received their Benchmark and Improvement Plan reports. Most of these participating companies have completed at least one ASEA improvement project and many have completed multiple projects. All companies are using the ASEA Program to drive business process enhancements to achieve world class levels of competitiveness and sustainability.

Participation in the ASEA Program involves an annual assessment which will identify areas that have improved since the initial assessment, provide an updated Benchmark Report, and potentially, additional Improvement Plans. All ASEA projects must be linked to an Improvement Plan from the ASEA assessment process.

The annual assessment process has been streamlined by the refinement of the initial questionnaire and the onsite assessment booklets.



The booklets have been enhanced by additional questions on people & performance, financial practices, and environmental sustainability. The annual onsite assessment will focus on 60% of questions from the initial assessment, plus other selected key areas.

The updated Benchmark report will indicate progress in the 11 competency areas for both the company and the industry compared to the previous initial assessments. The Improvement Plan report may also contain additional opportunities for ASEA projects that will in-turn be eligible for ASEA support.

At the moment one company has completed their annual assessment with another nine scheduled for their assessment during July and August.

The annual assessment will provide participating companies with an indication of their improvement since their initial assessment. A consolidated report will indicate the overall improvement of the participating automotive component manufacturers.

With ongoing funding, the ASEA program along with the Supplier Development activities from Ford, GM Holden and Toyota, can continue to assist the industry to become more robust and competitive.

### South Australian Update

Of the current thirty three ASEA projects in South Australia, nine have been recently completed. The remaining twenty four projects are rapidly moving towards completion by December 31<sup>st</sup>.

There are also a small number of new projects just coming on line, providing an interesting time for those participating companies. The current projects cover a variety of key areas and are a mix of Lean, Strategic Business Planning, Human Resources, ERP, Energy Efficiency, Management Improvements and Supply Chain Improvement.

ASEA Annual Assessments are also being implemented in South Australia for those companies that have conducted projects. The completion of these assessments is a pre-requisite to enable these proactive companies to move onto the newly approved next stage of ASEA, which will provide continued support over the next two years.

### Best Practice Visit - 30th June, 2011

#### Continental - "Environmental Management"

During the ASEA Assessment, Continental identified that one of the areas they would like to make improvements in was that of "waste management", and specifically in landfill reduction.

To assist Continental undertake this project, ASEA engaged GreenChip, a Melbourne-based company which is a specialist in environmental management.

The outcomes of this project were shared with participants on the tour. Some of the gains made include a reduced cost of waste management and disposal, overall a reduction in the company time spent handling waste, and a future objective is the reclaiming of valuable real estate presently occupied by the waste compactor.

During the course of a productive Q&A session after the tour, two of the visitors discovered that one company was paying to dispose of surplus export quality pallets, which may be suitable for re-use by the other company, as they were planning to purchase similar crates for their own export business.

Many thanks to the Continental people for giving up their time, opening their plant and sharing their learning with the ASEA visitors.

