



# Automotive Supplier Excellence Australia Newsletter

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## Director's Message

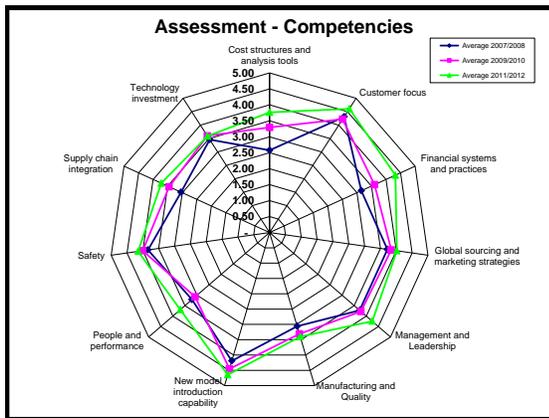


As ASEA enters its sixth year since the inception back in 2007, it is a testament to the value provided by the program to see the number of suppliers that have actively participated in various stages of the program has increased beyond 100.

It is also very encouraging to see the first of the suppliers now completing their 4th assessment, with many other companies already scheduled to follow shortly. These particular suppliers are using the results of the ASEA assessments to track their company's progress, and to drive ongoing improvement activities throughout their organization.

Many companies have been with the program since inception, and 29 of these have now completed at least 3 assessments. Looking at the average results from the assessments of these companies (which have been conducted by an independent third party), should give a good indication of whether the improvement programs implemented at the suppliers, are having a positive impact on their performance.

At the competency level, it is clear from the spider graph below that value is definitely being added, and that real improvements are being made in almost all competency areas except perhaps "technology investment".

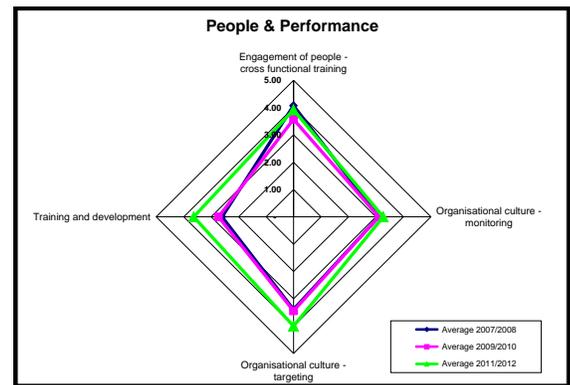
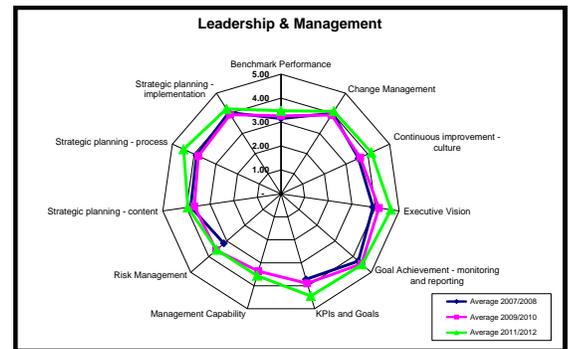


It is also very clear that there has been a major focus over the past 5 years on improving both cost awareness and cost competitiveness, and the processes they have used to control, analyse, monitor and influence costs and financial data.

Between 2007/2008 and 2011/2012, there has been major improvements in results of both "Cost structures and analysis tools" of 46% (admittedly from a very low base), and in "Financial systems and practices" of 37%.

It is also noticeable that there has been a significant focus on improving the "softer" competencies, particularly since 2009/2010. The average results for "People and performance" across these 29 companies has improved by 20% between 2009/2010 and 2011/2012, after a slight deterioration between 2007/2008 and 2009/2010. Likewise, the results for "Management and leadership" indicate an improvement of 12% since 2009/2010, after only a very small 1% improvement in the prior period.

If we examine the metrics that go to make up these two particular competencies, we can see that companies are spending a great deal more time and effort on their strategic planning activities, in setting and tracking clear KPIs and Goals for the organization, in training and development of people, and in encouraging a culture of continuous improvement.



It also seems that recently, many suppliers in the ASEA program have become very interested in

identifying ways to reduce their Energy costs, either through price reduction or improving their energy efficiency.

ASEA has partnered with both “Genisis Now” and “Complete Lean Solutions”, to develop an “Energy Diagnostic” which can quickly and cost effectively identify potential opportunities for savings. This program has been hugely successful, and has documented a significant number of improvement opportunities, many of which have already been realized by participants.

If you would like to learn more about the Energy projects, or any of the other comprehensive programs developed by ASEA, please contact us directly, or through our website at [www.asea.net.au](http://www.asea.net.au)

### Industry Forum #5 “DIVERSIFICATION - A New Direction”

For the third quarter of 2012, the increasingly popular ASEA Forum was the first in a four-part series around Diversification. On Tuesday 18<sup>th</sup> September, ASEA’s Industry Forum #5, “DIVERSIFICATION - A New Direction”, was held at GM Holden, in Salmon Street, Port Melbourne. With an excellent attendance from suppliers, MVPs, government and service providers, the feedback received again indicated that ASEA is delivering worthwhile value-adding information.

The 3 best features of the forum, as rated by participants were:

1. Information presented
2. Networking with others
3. Quality of presenter/s



A very special thank you to all the presenters, with the three OEMs, GM Holden, Ford and Toyota all providing updates from their respective companies.



Thank you to Mr. Jaydeep Solanki, Associate Director, Supplier Strategy & Development at GM Holden for his presentation, and to his team for assisting in the auditorium set-up. A big thank you also to Mr. Barry Budge, Corporate Manager, Supply - Purchasing Division, Toyota Motor Corporation, Australia and Mr. Dominic Raimondo, Supplier Development & Risk Manager, Ford Motor Company of Australia for presenting.

Very importantly, representatives from three of the companies participating in the ASEA program spoke on their experiences with diversification activities. Mr. Philip Crosbie from Australian Arrow, Mr. Andrew Huett from Continental and Mr. Brian Hughes from Composite Materials Engineering, captured the audience with “real-world” stories on some of the challenges they have experienced on their journey’s toward achieving successful outcomes.



Mr. Glen Ferrarotto, Teaming Manager, Australian Industry & Defence Network, Victoria, delivered a very informative presentation titled “The Australian Defence System (ADS) in 20 minutes”. This provided the audience with an overview of the Department of Defence, including the Defence Materiel Organisation, the ADS, the Victorian Defence Vehicle Alliance, current and future

opportunities, and some tips for doing business in Defence.

All attendees agreed it was a very compact afternoon filled with value-adding information, networking and experiences being shared.

Links to presenter websites:

<http://www.australianarrow.com.au/info.html>

<http://aftermarket.continental-corporation.com.au>

<http://composite.com.au/home.html>

<http://www.aidn.org.au>

### Best Practice Visit - 11<sup>th</sup> July, 2012 Hella Australia Pty Ltd

Hella Australia manufactures a range of automotive lighting, which is supplied to all three local vehicle manufacturers as well as for various export programs. Globally, Hella Australia is considered to be a *Centre of Excellence* focused on the design, manufacture and marketing of specialized mining industry lighting products and electronics systems.

One of the key aspects of the ASEA Program is to identify 'Best Practices' within the Australian Automotive supply chain, and Hella demonstrated a best practice standard in a number of areas in Manufacturing, as well as in Leadership.

Eleven people from nine organisations participated in this visit hosted by Markus Spindler (General Manager Operations) and Arne Baklien (Coordinator TPS). The visit commenced with a welcome and a Hella company overview by Olavi Rantala (CEO), which included new business ventures, the *Hella Growth Highway* objectives, and lessons learnt from their diversification activities. Olavi conveyed that positive strong leadership is required to meet the challenges of the current industry environment, in the pursuit of manufacturing excellence and opportunities for business diversification.

Arnie Baklien then gave the group an overview of Hella's improvement activities, which included a number of current and past ASEA projects. The plant tour demonstrated examples of manufacturing excellence which included lean operations, error proofing, 5S, and the use of visual management. We all appreciated the passion shown by both Arne and Marcus, for introducing sustainable improvements using a suite of lean tools.

All of the attendees really enjoyed the opportunity to experience the Hella manufacturing environment, and to learn about their journey of transformation over recent years. Thank you to Hella for hosting this visit, and we appreciate their active participation in the ASEA Program.



### Best Practice Visit - 26<sup>th</sup> September, 2012 Walker Australia Pty Ltd

At a recent 'Best Practice Visit' held at Tenneco Walker in Adelaide, the attendees were shown how the company had dramatically improved their OHS&W on site during the last 2 years.

After a presentation, the group, comprising seven people from four ASEA companies walked through the site. It was clear to all that safety had become part of the normal operational aspects of the production system, with clear signs that the culture was embedded.

Many questions were asked and answered relating to the methodology of achieving this in house safety culture, with the tour hosts graciously offering assistance where they could to some of the participants. Although there was a late apology, the number of participants was perfect, allowing good discussion and questioning.





ASEA would like to thank Tenneco Walker for their willingness to offer this best practice visit.

We are sure those that attended came away with a good appreciation that they too can do what Tenneco Walker has already done.

### South Australia Update

So far in Round 2 of the ASCDP Program there have already been 7 projects completed, with a further 12 well underway, and 14 in various stages of being scoped. This is a total of 33 projects, and when compared to the 39 projects completed in Round 1 of the ASCDP Program, we are currently travelling very well.

The current distribution of Round 2 projects in South Australia is as follows:

- People and Performance 26%
- Manufacturing and Quality 23%
- Financial Systems and Practices 18%
- Management and Leadership 24%
- Supply Chain Development 9%

In these general groupings there are 4 energy efficiency and usage projects.

ASEA is also welcoming 3 new Tier 2 companies into the program from South Australia. One has completed its review and is currently scoping out 2 projects, one will complete the initial assessment in the next few weeks, and one that will commence the initial assessment soon.

Companies are reminded that ASCDP Round 2 funding ceases on 30<sup>th</sup> June 2013, and, with typically a month unavailable around the Christmas period, this only leaves 8 months from start to completion of projects FROM NOW.

I urge all companies not to waste time, and to get in now so as not to be disappointed. If you would like to discuss new projects that have been identified in your improvement plans, please contact your ASEA Client Manager.

Some companies are due for their annual assessments, which can be used to achieve a number of aims:

- Firstly, they provide feedback to the company on the effectiveness of their improvement activities;
- Secondly, they identify additional areas within the company where improvement activities can be implemented;
- Thirdly, it will allow the company access to funding to work with the ASEA team to implement additional projects.

There are currently 2 initial and 1 annual assessment already scheduled to be completed in South Australia during the next two months. If your company is due for an annual assessment, you should expect a call from the Client Manager to arrange the best time for this to happen.

If you have any questions or would like to discuss further potential improvement projects, please contact your ASEA Client Manager in South Australia Mr. Peter Cesco at:

Mobile: 0422 006 111

Email: [cescop@optusnet.com.au](mailto:cescop@optusnet.com.au)

### Victoria/Tasmania/Queensland/New South Wales Update

There is just 9 months to go before the completion of Round 2 of the ASEA Program. Participating companies in Victoria, Tasmania, Queensland and NSW have now completed 41 projects with an additional 43 projects well underway.

The most popular project competency areas are:

- Energy Reduction 25 projects, 30%
- Manufacturing and Quality 25 projects, 30%
  - Mostly "Lean Operations"
- Strategy 9 projects, 11%
- People 8 projects, 9%
- Diversification 7 projects, 8%

Other competency areas:

- Sourcing 4 projects, 5%
- Finance 4 projects, 5%
- Safety 1 project, 1%
- Waste 1 project, 1%

Since the June issue of the ASEA newsletter the number of Energy related projects has doubled, and there are a growing number of companies that are undertaking the Energy Efficiency Diagnostic (EED).

The EED is a quick but comprehensive review of energy efficiency and usage, from the perspective of

People & Processes and Equipment & Hardware. Many companies, as part of their energy reduction strategy, are using the EED as the basis for more detailed 'deep dive' energy projects to explore and achieve sustainable reductions in energy usage.

Another area of increasing activity is Business Diversification, as companies seek strategies to achieve a sustainable business model, to ensure robustness as a counter to the current challenging automotive environment.

An additional 4 Tier 2 companies, making a total of 12 companies, are now actively involved in the ASEA program in Round 2. Most have already competed the ASEA assessment, are now undertaking projects.

There are still places available for Tier 2 or Tier 3 automotive supply chain companies wanting to join the program. For further information about the ASEA Program contact:

Peter Taylor, email: [peter.taylor@asea.net.au](mailto:peter.taylor@asea.net.au) or Tom Chappell, email: [tom.chappell@asea.net.au](mailto:tom.chappell@asea.net.au)

### Welcome to the new AutoCRC CEO, Mr. James (Jim) Walker, AM



L-R: Mr. Jim Walker, new AutoCRC CEO & Dr. Matthew Cuthbertson, former AutoCRC CEO

We bid farewell and wish Dr Matthew Cuthbertson all the very best in his new position as Deputy PVC in the College of Science, Engineering and Health, RMIT, after successfully leading a winning rebid extension for the AutoCRC. At the same time we would like to welcome the new CEO, Mr Jim Walker.

Since 2007, Jim has been the CEO of Queensland Manufacturing Institute (QMI Solutions) located in Brisbane, Queensland. In this role, Jim developed

QMI Solutions into a leading provider of technology diffusion, innovation and commercialisation services to the manufacturing and engineering sectors, successfully linking SME's with research organizations, including CRC's.

### Industry Forum #5 "DIVERSIFICATION - First Steps"

Following on from the huge success of the previous Forum on "Diversification - A New Direction", we will continue the format, but this time feature opportunities in the Rail Industry presented by the Rail Advocate Mr. Bruce Griffiths.

This next Forum in the Diversification series will be held at the Melbourne Convention and Exhibition Centre on November 14<sup>th</sup>, 2012.



For further information or to pre-register your attendance please email [judy.boyce@asea.net.au](mailto:judy.boyce@asea.net.au) or telephone: 039 673 5922 or 0412 241 550.

### ASEA Product Suite - 2012

The team at ASEA works with many of the best and most experienced training providers and coaches throughout Australia, to be able to offer clients a range of Improvement Products that are modeled on global best practices. A number of these Products have been developed in-house, and some use external programs, but ALL of them use a model that includes a combination of both training and coaching.



Recent additions to the Product Portfolio include “Excellence in Waste Reduction and Management” and “Excellence in Energy Efficiency”, and we are almost ready to offer our latest Product titled “People and Performance”.

This newest Product also follows the same template as all other Products, and includes the upfront “Diagnostic” to identify specific areas for improvement.

Some of the areas considered in the Diagnostic include:

- People Strategy
- Performance management
- Employee learning and development
- Communication
- Culture
- Organisation design
- Compensation & remuneration
- Policies and procedures
- Legislative processes and audits
- Workforce planning
- Talent management
- Succession and progression
- Recruiting
- Metrics

For further details please email [judy.boyce@asea.net.au](mailto:judy.boyce@asea.net.au) or telephone: 039 673 5922 or 0412 241 550.