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Director's Message



As highlighted in the previous ASEA newsletter, many suppliers within the Australian automotive supply chain that are highly geared towards supplying automotive customers have only a few options to diversify their customer base before 2016/2017.

Those that are not already well entrenched in the process of supplying into other industry sectors, are now looking at overseas opportunities, helped along by a number of overseas trade missions and the recently announced Victorian Government 'In-Market Automotive Supply Chain Advocate' Program.

The previous newsletter also highlighted the major effects that the leadership and management team can have on an organisation, and the variety of outcomes they can achieve. We have recently seen some outstanding examples of leadership teams taking up the challenge, and participating in forums, seminars and trade missions in the pursuit of new customers and new opportunities.

Also in the last newsletter, I included a graph showing the effect of Leadership and Management (LAM) on the 'External Focus' of an organisation, and in this issue I would like to share two more graphs. This time I want to look at the effect of LAM on "Risk Management" and also the effect on "Change Management". Obviously both of these metrics are critical when searching for new business opportunities, and both need to be closely managed and monitored. The following two graphs show the very significant effects of LAM on both metrics.

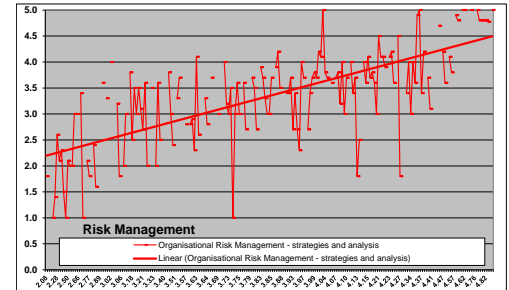


Figure 1: The Effect of Leadership and Management on "Risk Management"

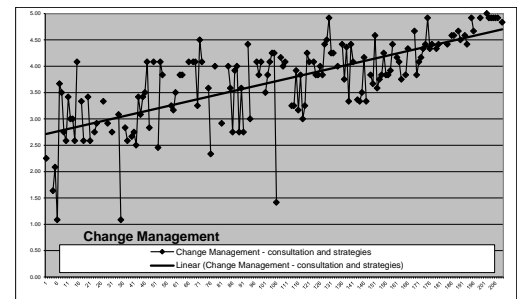


Figure 2: The Effect of Leadership and Management on "Change Management"

There is an excellent correlation of the data, showing the very strong effect of the leadership and management team on both of these metrics, and the recent Automotive Trade Mission to Malaysia in late September is a glowing example of how the MAL at some automotive suppliers have used these skills to their advantage.

A total of 25 Australian automotive suppliers participated in a showcase event in Putrajaya, Malaysia along with 25 Malaysian automotive suppliers. The event was an outstanding success with over 80 separate company-to-company meetings taking place, followed up by a considerable number of plant visits and further discussions. This event was a purposeful deviation from a traditional overseas trade mission, in that it was more focused on establishing the right environment for 'networking' activities to take place, and encouraging OEMs and companies within the



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Malaysian supply chain to 'come to us', rather than us 'go to them'.

This concept was a follow-up to the very successful showcase held in Geelong earlier in the year with 50 Australian suppliers, but this time we mixed the Australian and Malaysian suppliers together in their commodity groups. Yes, there is risk in companies going overseas and undertaking these activities, and yes, there is a strong need for some pioneering attitudes and change management, but it worked so well that companies began networking during the booth set-up rather than waiting for the official event opening.

Those suppliers that are looking for opportunities within the automotive sector and are willing to take a calculated risk and open their minds to new possibilities, need look no further than the ASEAN region, which has some of the fastest growing automotive sectors in the world. The added advantage is they are located in similar time-zones to Australia, rather than trying to communicate with Europe or the US.

The Malaysian showcase mission was made even easier in that most Malays speak excellent English, thus avoiding the complication of translators. Additionally, the participation at ministerial level from both Malaysia and Victoria helped generate excellent co-operation and plenty of potential opportunities.



Business Capability Support Program (BCSP)

In this challenging automotive environment, many of the ASEA participants in the BCSP program are making steady progress with their respective pursuits of new business opportunities and in particular a growth in their non-auto OE sales. This growth in non-auto OE sales, includes aftermarket and non-auto business and will potentially enable these companies to have a sustainability business that beyond 2017 when the OEMs exit manufacturing in Australia. The imminent cessation of vehicle manufacturing in Australia is driving a 'survival imperative' for many component suppliers and they are accelerating their new business growth activities to achieve a sustainable business model. As part of this pursuit for survival many companies are investigating the opportunities in the Malaysian automotive industry by their recent participation in the Australian Malaysian Automotive Supplier Showcase held at the beginning of October.

There are now a total of 26 companies that have participated so far in the Evolving Innovation program and of these 16 companies have recently completed a project or have a current active project. Discussions are also underway with another two companies who will potentially join the program during the Q4 of this year. The 26 companies have undertaken 50 projects and of these 37 have been completed already with the remaining 13 projects in various stages of completion. In addition to these projects, there are also another five projects that are in the preliminary scoping phase that will potentially commence during the latter part of Q4.

We have observed that success comes with the companies that are flexible, have a customer focused approach and have streamlined their business to underpin and support the investigation of new opportunities. Many companies are



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revisiting their strategic and business plan, restructuring the organization and fostering an entrepreneurial leadership culture, so that they are nimble and can respond to new opportunities.

With the imminent cessation of vehicle manufacturing in Australia by 2017, companies have a survival imperative to secure new business particularly in the non-automotive market sectors. There are still opportunities for more companies to participate in the Evolving Innovation program so please contact your friendly Client Managers Tom Chappell, Peter Cesco & Peter Taylor.

Manufacturing Productivity Networks (MPN) - latest news

ASEA held the fifth MPN group networking workshop, Minimising Obsolescence, on the 14th August with production managers and CEOs of companies participating in the MPN program.

The main presentation was delivered by Tom Phillips from Backwell IXL.

It was topical, not only for those companies buying speciality grades of steel which are required to be ordered in minimum quantities, but also for any company which purchases raw material and is challenged with meeting MOQ requirements while not exceeding FAB authorities.

The subject generated a robust discussion amongst the workshop participants. An immediate and positive result of the workshop was the matching of a participating company potentially facing a future shortfall in a line of weld nuts with another company that was holding excess stock of the same.

Thanks to Backwell IXL for presenting their lessons learnt from their successful project.

Meanwhile, ASEA coaches have been continuing to deliver projects for MPN Program participants on topics covered in earlier workshops such as HR.

Our next networking workshop will be held in December, date to be advised.

Australian Malaysian Automotive Supplier Showcase

29th September - 2nd October 2014

The Australian Malaysian Automotive Supplier Showcase was organised by the Victorian Government, DSDBI, in partnership with Malaysia Automotive Institute (MAI). 'On the ground' support in Malaysia was provided by the Victorian government office in Kuala Lumpur and the In-market Automotive Supply Chain Advocates, Linsey Siede and Peter Taylor, who are based in the MAI office in Malaysia on a rotational basis.

The Malaysian showcase trade mission generated significant interest from the OEMs in Malaysia and also from the automotive suppliers from Malaysia and Australia. The event was opened by the Honourable David Hodgett, Victorian Minister for Ports, Major Projects and Manufacturing, and the Honourable Datuk IR Haji Hamim Samuri, Malaysian Deputy Minister of International Trade and Industry. The Chairman of MAI, Dato' Muhamad Noor Yaacob, and the Australian High Commissioner, His Excellence Mr Rod Smith were also present.



There were a total of 25 automotive organisations from Australia (21 from Victoria and four from South Australia) and 25 organisations from Malaysia who participated in the showcase. There were also many more Malaysian suppliers who visited the showcase during the two separate networking sessions, looking for possible collaboration opportunities.

An informal dinner held on the evening of the first day of the mission also provided a more relaxed atmosphere for networking discussions to take place and there was a short speech by the Deputy Secretary General Datuk J. Jayasiri. Approximately 120 people including government leaders and executives from the OEMs joined the representatives from the exhibiting supplier companies at this dinner.



Four of the key OEMs gave in-depth presentations to the companies participating in the showcase and they also reviewed all of the display booths. The four OEMs were Perodua, Proton, Honda and Go Automobile (representing Great Wall.) All of them spent at least two hours touring the booths, with Perodua bringing eight people from their

engineering and purchasing departments. The presentations from both Honda and Perodua were outstanding.

The final day of the mission was left vacant so representatives from the Australian companies could visit the facilities of their Malaysian counterparts. This proved to be an outstanding success, with many Australian companies visiting at least one of the Malaysian suppliers' factories for further discussions. Some of the Australian suppliers identified up to three Malaysian suppliers that they subsequently visited, and in two cases, return visits have already been planned for later in the year.



Honda



Proton



Perodua

Feedback from the Australian participants was that the one-on-one meetings were by far the most significant outcome of the event, and in fact this was the main purpose for organising the trade mission in such a way. The format meant that more companies were involved, there was more time together and it allowed for specific targeting of participants through the pre-selection of companies. This optimisation of the matchmaking process led to the maximisation of opportunities and ultimately more successful outcomes.

The organisation of the showcase provided a great opportunity for the teams from the Victorian Government and MAI to work together and make the event a great success. MAI are providing ongoing support to the In-market Automotive Supply Chain Advocates to ensure that the 'business matchmaking' maximises the benefit to the both the Australian companies as well as to the key Malaysian companies

In summary the showcase allowed companies to undertake hundreds of one-on-one company introductions and discussions, with more than 80 significant meetings taking place. From these meetings, there were approximately 24 visits that took place to Malaysian suppliers' facilities by Australian suppliers, for further in-depth discussions. In a few cases some companies received some preliminary RFQs and few of these may potentially result in new business for the companies involved. Without the showcase format of this mission, this would not have been possible.

The In-market Automotive Supply Chain Advocates, Linsey Siede & Peter Taylor, from the ASEA team, will be based in Malaysia on a rotational basis to facilitate 'targeted business matching' to support potential new business opportunities for Australian companies. In some cases Australian companies have already planned

their returned trips to Malaysian companies and will include the Advocates in these visits.

Dolphin Products Australia Opening

On September 9th, Linsey Siede, Tom Chappell and Steve Robinson were among the many invited guests who attended the opening of the new Dolphin Products Australia.



The official opening was performed by Mr. Craig Ondarchie MLC.

Hosts Silvana and Mario Turcarelli and their team gave demonstrations of 3D printing in their immaculate factory and showed many examples of their new Waterdale range, as well as prototypes of new products that have been developed since the take-over of the business.

Thank you to Mario for your kind words at the opening and for reminding us that enthusiasm, energy and persistence have never been more important than in these challenging times.

Upcoming Events

NEXT ASEA FORUM Business Opportunities in ASEAN

SAVE THE DATE - 11TH November 2014

This forum is complementary to the recent business development activities in Malaysia detailed in this newsletter.

It will feature examples of companies that have successfully built business through pursuing opportunities in Malaysia and elsewhere in the ASEAN region, as well as comment from ASEA staff



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members currently undertaking the role of In-Market Automotive Supply Chain Advocate in Malaysia.

Registrations for this forum open shortly

AUTOCRC TECHNICAL CONFERENCE

3RD

20 - 21st October 2014
Melbourne Convention Centre

Industry comment & thought leadership meets research during this two-day info-packed conference from AutoCRC.

Expert guest speakers tackle themes and answer your questions on:

- **Innovation & the SME: How to Make it Work**, Anthony Kittel, CEO, REDARC Electronics
- **ASEAN Automotive Trends**, Carl de Koning, Executive Manager, Futuris Group
- **The Future of Manufacturing- Firm Consequences**, Prof Goran Roos, Chair Advanced Manufacturing Council
- **Designing Automotive Diversification Strategies** - Prof Sam Bucolo, UTS
- **Improving our energy future, stimulating EV uptake**, Dr David Finn, Tritium Pty Ltd
- **PLUS the latest Australian research** sustainable manufacturing

For more information go to the [conference website](#).

Delegates can register on the day.

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