

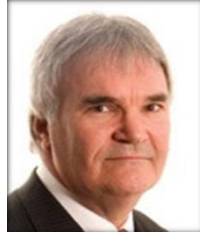
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Director's Message



As 2014 rapidly draws to a close, it's probably an appropriate time to reflect on one of the most challenging years in the history of the Australian automotive supply chain.

Following the Ford and Holden announcements in 2013, Toyota announced in February 2014 that they too would be closing their Australian manufacturing operations. The collective result of these three announcements left the entire automotive supply chain faced with addressing the situation of having no local OEM customers after 2017, and pondering their individual and collective future.

As with any major "change", most of the supply chain then spent at least some time on the "Roller Coaster of Change", with some spending considerably more time on it than others.

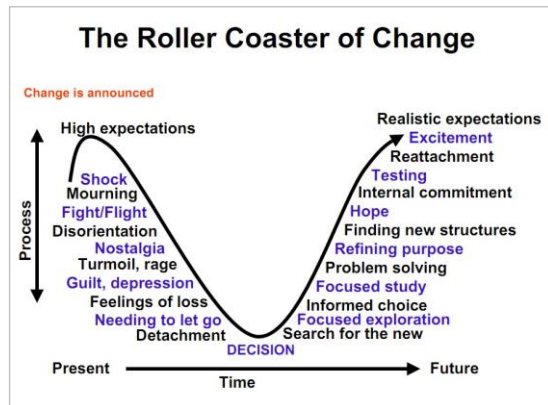


Figure 1: The Kübler-Ross 'Model of Change'

Most have now emerged with some "decisions", which have ranged all the way from those actively focusing their entire organization on the "pursuit of alternative business" to offset what they will lose, to others who have decided on an "orderly exit" aligned to the timing of the OEMs. There are also still some who haven't quite decided on what their specific path forward should look like, and are considering a variety of different options.

During this difficult period the role of ASEA has also changed, moving from our traditional focus of helping companies to implement projects to improve their business, to that more aligned with

coaches and mentors providing encouragement and helping identify potential new opportunities, as companies develop new business models and implement their transition strategies.

This year has been one filled with the gambit of emotions as listed in the Kübler-Ross Model, all the way from "shock" up to that of "excitement". Companies that had not already embarked on the "Diversification" journey have had to quickly learn how to overcome the huge gap in moving from being an "efficient" organisation driven by an "internal" focus on kaizen and cost reduction, to being an "effective" one with an "external" focus on growth and diversification.

As some have already discovered many years ago, this is a long and challenging process; and as others are now discovering, this transition is far from being straightforward, simple or easy.

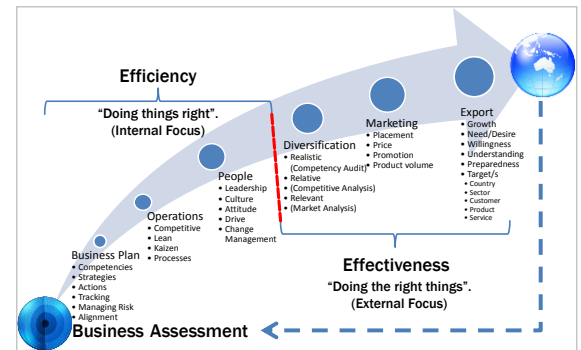


Figure 2: The Typical Journey of Growth & Success for an SME

ASEA and many of the supply chain companies have been fortunate to be able to gain knowledge and experience from people such as Mike Faulkner.

Mike has worked closely with some of the ASEA team and between them prepared an entire training program called "Evolving Innovation", which is specifically focused on helping companies to successfully make the transition in their diversification journey.

Victorian based automotive suppliers have also been able to benefit from the "In Market Automotive Supply Chain Advocate" program, announced jointly by the Victorian and Malaysian Governments in August 2014. The key event was a very successful Showcase Mission held in Malaysia in late September, which was covered in our last Newsletter.



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In November and December alone there have been more than 20 meetings between Malaysian and Victorian companies to discuss new business opportunities, with more already scheduled to take place in 2015.

To compliment these diversification activities, ASEA has also held a number of forums and workshops, with presentations from a variety of other business sectors outside Automotive such as Construction, Mining Equipment & Technical Services (METS), Resources, Medical, Rail and Defense. This has helped in making linkages between automotive suppliers and other industry sectors.

The ASEA team is encouraged by the continuation of all these activities in 2015, and we look forward to continue working with, and helping companies that have made the decision to look for new opportunities and continue their journey.

Business Capability Support Program (BCSP)

Many of the BCSP participants, during this challenging automotive environment, are making steady progress with their respective pursuits of new business opportunities. With the forthcoming cessation of Australian vehicle manufacturing in 2017 these companies have a survival imperative, and this is driving many of them to accelerate their new business growth activities to achieve a sustainable future business model.

As part of this pursuit for survival many companies are also actively reviewing opportunities in the Malaysian automotive industry by working with the Malaysian based Advocates provided via the State Government of Victoria's "Automotive In-Market Supply Chain Advocate" program.

There are currently 24 companies that are participating in the ASEA Evolving Innovation Program making a total of 37 companies that have been involved since the beginning of the program in December 2012. Included in this 24 are seven new companies that have joined the program during the previous six months, and all of these have completed the ASEA assessment which focuses on the entire company. More importantly these seven companies have already or are about to undertake projects that will enhance their

businesses competitiveness and sustainability. Just last week another new company joined the program, and they will undergo their ASEA assessment during January 2015.

The 37 participating companies have undertaken 61 projects and of these 47 have been completed with the remaining 14 projects in various stages of completion. In addition to these projects, there are also another four projects that are in the preliminary scoping phase that will potentially commence during the first quarter of 2015.

Flexibility and a survival mentality, combined with a streamlined business are critical in order to successfully pursue new business opportunities. Many companies are refreshing their Strategic Business Plans, restructuring their organisation and fostering an entrepreneurial leadership culture, so that they are nimble enough to respond to new opportunities as they arise.

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

The Manufacturing Productivity Network (MPN) is a Victorian State Government program running until December 2015 which is aimed at helping suppliers in the automotive supply chain.

On December 12th 2014 the ASEA team conducted the 6th MPN workshop at the Port Park facility in Port Melbourne, which involved CEOs and Business Development Managers of the participating companies. The theme of the workshop was "Doing Business in ASEAN", which complimented the activities arising from the recently held Showcase event in Malaysia.

Mr. Mark Albert from MtM delivered a presentation on their experiences and lessons learnt from 23 years of business in multiple countries in the ASEAN region. Mr. Carl de Koning from Futuris presented on their experiences and the opportunities in the ASEAN region for Australian companies.

The workshop participants generated a constructive discussion around learnings from the past, and



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applying those lessons to current situations while evaluating the best opportunities in these growing markets. Of greatest value were the shared insights around the cultural, political and business landscape in many of the different markets under discussion, and the pros and cons of entering various markets and/or countries and which entry path is optimal. A discussion on joint ventures versus wholly owned entities was also of excellent benefit to the participants.

We extend our thanks to presenters Carl and Mark for their generosity once again, in sharing their experiences and thoughts with the wider community.



On the project front, we have now initiated more than 20 projects, and have seen a slight increase in the uptake rate for project commencements in the 4th Quarter, as companies with new products are looking for product launch support from our ASEA coaches.

Our next networking workshop will be held in February 2015, with a theme and date to be confirmed.

For information on ASEA's MPN project, please contact Tom Chappell or Linsey Siede.

Upcoming Events

ASEA FORUM

Opportunities for Suppliers into the Mining Sector

SAVE THE DATE - 3rd February 2015

AUTOMOTIVE WEEK 2015

Become an exhibitor at the Victorian Government Industry and Innovation Precinct at the Grand Prix 12 - 15 March 2015

Exhibitors enjoy the following benefits:

- Business matching opportunities
- Showcase your organisation's capabilities at an international event
- Exhibitor networking events

Contact: Jennifer Lambert, Australian Grand Prix Corporation - 03 9258 7182

jennifer.lambert@grandprix.com.au

THE CARS OF TOMORROW CONFERENCE 2015

THE CAR IN OUR FUTURE MOBILITY

12 March 2015 - Crown Promenade Melbourne

Explore the future of automotive and mobility as the Cars of Tomorrow Conference looks at new and exciting energy options, autonomous and connected vehicles, multi-modal transport and more with our line-up of expert speakers.

More info & registrations:

<https://wired.ivvy.com/event/CoTC15/>

Key conference of:



See the [Australian Automotive Week 2015 website](#) for more information about 2015 activities.

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