



Automotive Supplier Excellence Australia Newsletter - June 2015

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Inside this Issue:

- Director's Message 1
- Business Capability Support Program 2
- Manufacturing Productivity Networks 3
- ASEA Forum 4

Director's Message

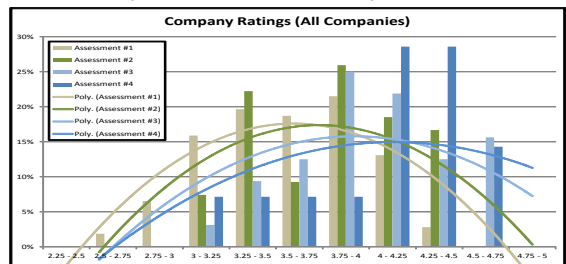


As we enter the second half of 2015, ASEA celebrates 9 years since the idea of an Automotive Supplier Excellence program in Australia was first conceived in June 2006.

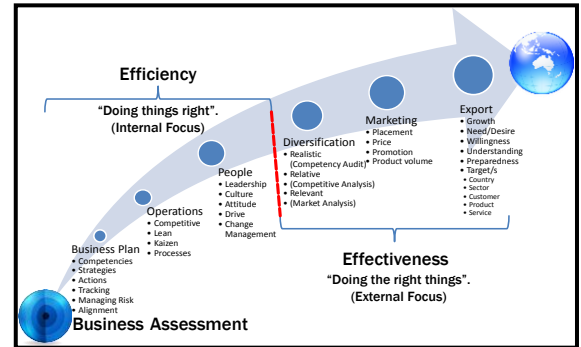
The first stage of the ASEA program commenced in early 2007, and was tasked with defining the global benchmarks and metrics that were important for a business to be competitive and sustainable. The second stage, which commenced in September 2007, was to conduct individual company Assessments of 62 tier 1 suppliers, using the measures formulated in stage one. The third (and most important) stage was to then help these companies to implement the improvement projects they needed to do, and to close their gaps to global best practice. The third stage is where "value" was added to the company.

Since those early days, ASEA has been firmly dedicated to, and focused on, continually "adding value" in everything we do. We have implemented multiple programs for the Commonwealth government and the State governments of Victoria and South Australia, as well as a number of bespoke programs for Australian and overseas clients.

Since our beginnings in 2007, we have achieved some outstanding results. We have worked with more than 130 companies across the Australian automotive supply chain, conducted more than 300 company assessments, and have helped companies to implement more than 500 improvement projects. These activities have helped to improve not only the companies involved, but the entire automotive supply chain, as evidenced by the graph below. This clearly demonstrates that we have skewed the graph to the right, and significantly improved the "value" delivered by the automotive supply chain.



For the past 4+ years, we have been actively working with more than 50 companies in the automotive supply chain, to help them diversify their business activities and client base, to be less reliant on the automotive sector. The focus of these activities has obviously become even more important, following the announcements from the OEMs that they would no longer manufacture vehicles in Australia after 2017. It has also been a major focus in our ongoing communications, highlighting both the importance and the difficulty of the transition between being an "efficient" company, and an "effective" company.



In June this year, the ASEA team completed a highly successful one year "Automotive In-market Supply Chain Advocate" program in Malaysia, involving more than 35 Victorian companies. While the team is now fully focused on delivering the balance of the Commonwealth government "Business Capability Support Program" (BCSP) which concludes in June 2016, and the Victorian State government "Manufacturing Productivity Network" (MPN) program, which also concludes in June 2016, the AutoCRC has agreed to provide some additional funding for the next 3 months, to support companies wanting to investigate business opportunities in Malaysia. If your company is interested in pursuing Malaysian opportunities, please contact me.

While our key goal is to help as many suppliers as possible to make this transition, as the automotive industry winds down in Australia we are also focused on making our own transition. We began this journey in January 2012, when ASEA business coach Steve Robinson helped us to review and revise our 5 Year Strategic Business Plan. We identified and prioritized a number of strategies





including the diversification into other manufacturing and service sectors, as well as into the automotive sector overseas.

We were successful in winning multiple contracts overseas, and also in gaining business in the service sector, developing many new contacts along the way. We also realized that we were already working in multiple sectors, as many of the companies in the automotive supply chain, particularly at a tier 2 and 3 level, had the majority of their business outside automotive.

By default we found ourselves successfully delivering value to companies working in the aerospace, appliance, chemical, clean-tech, composites, construction, defense, electronic, foundry, glass, machine tool, marine, medical, mining, paint, plastic, rail, resource, rubber and textile industry sectors. Feedback from these companies advised us that the majority of the work we do (assessments and improvement projects) was just as applicable to these sectors as it was to automotive.

More recently, we have followed this by again taking our own advice and asking our coach Mike Faulkner to conduct an "Evolving Innovation" project on our workforce, to identify additional opportunities. This has resulted in a number of different strategies which we are currently pursuing, and which sound very similar to those many our clients are implementing.

Also like many of our clients the changing nature of the ASEA business model has meant some internal changes, and you should have all received a notice from the AutoCRC CEO, Mr Ian Christensen, advising of these changes at ASEA.



Peter T, Peter C, Judy, Linsey, Tom.

As covered in the announcement, effective July 1st 2015, I will take on a new role as Director of Regional Development that will focus on AutoCRC engagement overseas, and entry into the new industry sectors. Mr. Peter Taylor will become Director of Business Excellence, and take on responsibility for delivering our services under the Business Capability Support Program (BCSP) and the Manufacturing Productivity Networks (MPN) program. Sadly, Mr. Tom Chappell will be leaving ASEA at the end of July, and I'm sure you will join with me in wishing Tom every success. Mr. Peter Cesco will continue to represent ASEA in South Australia.

In my last Newsletter as ASEA Director, I would like to sincerely thank all the people that helped create ASEA, and especially to all those that have helped to make it the great success it has become.

Business Capability Support Program (BCSP)

The Business Capability Support Program (BCSP) is a Commonwealth Government funded program running until June 2016. When this program commenced in December 2012 it was originally designed to assist companies to diversify into other industry sectors whilst maintaining their base in the automotive industry.

With the respective announcements from Ford, GM Holden and Toyota, the business environment has completely changed, however BCSP is now assisting companies in the automotive supply chain to transition their businesses beyond the cessation of the Australian vehicle manufacturing in 2017. In this new paradigm many companies with their survival imperative, are pursuing new business activities to achieve a sustainable business model.

During this challenging time of transition, the BCSP participants are making steady progress, by pursuing new business opportunities both locally and overseas. Over the period July 2014 to June 2015, there have been 24 companies (10 South Australian & 14 Victorian) who have been actively participating in the *Evolving Innovation Program* making a total of 40 companies that have been involved since the beginning of the program in December 2012. Many of these 24 companies will continue with their involvement with BCSP during the remaining 12 months of the program.



The 40 companies have undertaken 83 projects, and of these 63 have been completed with the remaining 20 projects in various stages of completion. In addition to these current projects, there are also a number of other projects in the preliminary phase of scoping that are due to commence during of Q3 2015.

There is a range of industry sectors that the various BCSP participants are progressively transitioning their businesses into and these sectors include Bus & Truck, Building Construction, Energy, Electronics, Food, Defense, Health & Medical, Mining Equipment, Water Storage and Auto Aftermarket. Some companies are also actively pursuing opportunities in the Malaysian automotive industry via the Malaysian based State Government of Victorian, Automotive Supply Chain Advocate program.

Since the beginning of the Automotive Advocate initiative in August 2014, 25 Australian companies participated in the Malaysian Australian Supplier Showcase held in Malaysia during September 29th to October 2nd 2014. Ongoing since the showcase, 9 Victorian companies have made visits to Malaysia, with the assistance of the advocates, to further explore the many opportunities for collaboration and possible new business.

There are still opportunities for increased company participation in the Evolving Innovation Program to undertake projects that will assist in the transition to the new business paradigm. Please contact your friendly Client Managers: Peter Cesco & Peter Taylor.

Mr Peter Cesco: +61 422 006 111

Mr Peter Taylor: +61 433 706 212

Manufacturing Productivity Network (MPN)

A key activity of the Manufacturing Productivity Network (MPN) Program is the networking workshops, and ASEA conducted the 8th MPN workshop for participating companies on July 2nd, with the exciting theme of "Success beyond Local Automotive".

The company leaders attending all presented their ASEA experiences regarding the following topics:

- Projects undertaken (and the coaches involved) with support from the ASEA programs, including the Auto Advocate program
- Lessons Learnt in Business Development over the last 2-5 years
- Opportunities being pursued at present and in future

This generated some lively discussion highlighting a number of key items. Some of the comments which were shared included:

- Thinking Big: It doesn't take much more work to win a \$20M contract than a \$200K contract
- Establishing clear boundaries between existing (automotive) and new business development teams
- That the world is becoming a smaller place, and that you keep finding the same opportunities, challenges, companies and people in many different countries
- The importance of staying close to your customer and keeping them engaged
- The opportunities which exist for generating good business overseas with auto companies
- That some of the companies are now collaborating by sharing resources in rapid prototyping and in new product development
- That expanding internationally places a lot of pressure on the local company leadership and resources in support the launch of new operations
- That there is still work to be done in assisting companies to become more efficient
- That we should run the networking workshops more frequently!

The discussion also highlighted a number of very successful improvement projects, which prompted others to want to undertake similar projects.

As this Newsletter goes to print, we have just been advised that the Minister has granted ASEA's request to extend the MPN program out to June 2016, which provides additional time for companies to undertake those additional projects.



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ASEA Forum

To complement the activities of the Automotive In-Market Supply Chain Advocate program, while simultaneously providing diversification opportunities for attendees, a very successful Forum focused on "Opportunities in the Malaysian Automotive Industry" was held by ASEA on 28th May, 2015 at the Melbourne Convention & Exhibition Center (MCEC).

The guest keynote speaker for the Forum was Mr. Madani Sahari, CEO, Malaysia Automotive Institute (MAI), who gave an inspiring presentation titled "Overview & Opportunities for Australian Auto Companies in Malaysia".



Joining him were speakers from three local companies, Entegro Group, Venture Australia and Ceramet, who shared their respective experiences in doing business in Malaysia.

One of the speakers told the gathering that they had progressed from their first visit to Malaysia to winning a contract to supply parts from Victoria, at production rates, all in less than 9 months. Being a privately owned SME, they used their core values to make their Malaysian customers feel at home, by providing a Malaysian home-cooked meal to their guests. What made this especially memorable is that it was prepared by the family of one of their workforce. It made such a huge positive impact, that the Malaysian company is still talking about it.

Following the presentations, all speakers returned for a Q&A panel, which prompted an engaging discussion.

All feedback collected rated the forum as either 'Excellent' or 'Good'. The best features were the opportunity for networking, the quality of speakers and information delivered.



ASEA Director

Mr Linsey Siede

Mobile: 0400 375 874

Email: linsey.siede@asea.net.au

ASEA State Contacts

Mr Peter Cesco - Client Manager - SA

Mobile: 0422 006 111

email: cescop@optusnet.com.au

Mr Tom Chappell, Client Manager - VIC, NSW

Mobile: 0408 332 997

Email: tom.chappell@asea.net.au

Mr Peter Taylor, Program Manager - VIC, QLD, TAS.

Mobile: 0433 706 212

Email: peter.taylor@asea.net.au

