



construction industry, which provides a huge potential for cost savings, time savings and growth opportunities.

Associate Professor Tuan Ngo - Research Director at the Centre for Advanced Manufacturing of Prefabricated Housing, advised the Seminar participants that prefabricated modular housing in Australia currently contributes only \$4.6bn annually (3% of the \$150bn market), compared to a 60-70% market share in many European countries.

He identified the following problems and opportunities:

- 60,000 public affordable dwellings will be required in Melbourne in the next few years, similarly Sydney will also need 80,000 public housing units
- The prefabricated modular housing sector is expected to grow to 10% share (at least \$15bn) in the next 5 years
- Lack of knowledge and skills in design & manufacturing of modular housing
- Lacks of standards, testing and certification methods, codes of practice, financial models for prefabricated modular housing.
- Current construction industry: **low productivity, high cost, inefficient supply chain.**

Hence there is a huge potential for growth, but to take full advantage it will need trained skilled people, and processes that are transformed directly from the automotive sector.



During the past few months we have also been extremely impressed with the breadth, strength, dedication and influential effects of the Regional Networks, particularly those in Ballarat and Bendigo. In Ballarat we are now working with 5 Companies that are geographically located within 500 meters of each other, and began with an initial introduction to only one of them. What is even more encouraging is that they represent all 4 of the sectors - automotive, construction, food and transport.

As we enter the last 6 months of our existing programs, please take note that funding for our current programs "Business Capability Support Program" (BCSP) and "Manufacturing Productivity Network" (MNP) is available until June and May next year respectively, and we would like to maximize the impact it has. Hence, if you have any projects you would like to undertake, please note that they must be completed by the above times.

You can find more information about the ASEA Program, our Business Capability Support Program, the Manufacturing Productivity Network and our international Engagement activities, at [www.asea.net.au](http://www.asea.net.au)

If you would like project support from ASEA and we haven't yet visited your company, please don't hesitate to call either of the Peters or myself for urgent attention.

Finally, may we take this opportunity to wish you and your families a safe and merry Christmas holiday, and a happy, healthy and prosperous New Year.

### Business Capability Support Program (BCSP)

The Business Capability Support Program (BCSP), a Commonwealth Government funded program which will conclude in June 2016, continues to assist companies to transition their businesses beyond the cessation of the Australian vehicle manufacturing in 2017.

Since the beginning of the program in December 2012, 40 companies have been involved and over the past 6 months 17 companies (5 South Australian and 12 Victorian) have been actively undertaking projects with another new company scheduled to commence projects during Q1 2016. There is also



an additional company that will undertake the ASEA benchmark assessment during Q1 2016 and then commence improvement projects.

The 40 companies have undertaken 91 projects and of these 78 have been fully implemented with the remaining 13 projects in various stages of completion. In addition to these current projects, there are a further 11 projects that are in the preliminary scoping phase and these will commence during Q1 2016.

The BCSP participants are progressively transitioning their businesses into manufacturing sectors that include Bus & Truck, Building Construction, Energy, Electronics, Food, Defense, Health & Medical, Mining Equipment, Water Storage and Auto Aftermarket.

Opportunities are still available for increased company participation in the Evolving Innovation Program to undertake projects that will assist in the business transformation beyond vehicle cessation at the end of 2017.

Please contact your friendly Client Managers: Peter Cesco & Peter Taylor.

### Manufacturing Productivity Networks (MPN)

There are now 19 participating companies in the Victorian Government funded Manufacturing Productivity Network (MPN) and so far 40 projects have been completed, with 15 underway and another 3 projects that are awaiting scoping approval by the client.

Since June, when Ministerial approval was given to extend the program into the non-auto manufacturing sectors of the Food, Construction & Transport, significant progress has been made in contacting 28 non-auto companies across these sectors. Included in the 19 companies above, we are currently engaged with 7 non-automotive companies (1 Food, 3 Construction & 3 Transport) and have 9 active projects currently underway.

A key activity of the MPN program are the ASEA networking workshops where participants share their respective experiences gained from completing ASEA projects, new business opportunities they have implemented and issues

identified while navigating through the transformation of their businesses.

On the 25th November, ASEA conducted the 10th MPN workshop with the theme "Towards a Successful Transition from Local Auto". Each of the company participants gave a presentation that included:

- Experiences with their new business ventures/opportunities
  - o New Products & Processes
  - o Sectors (non-auto) being pursued
- Management of supply continuity related to the closure of Ford, Toyota & GM Holden

This generated a very positive discussion highlighting a number of key items with some of the comments shared including:

- We need a new layout and process flow for out factory of the future factory
- The pending closure of the car companies has prompted greater collaboration & we need to seek more opportunities to work together
- Ongoing assistance from ASEA is still required to enable us to be more efficient & effective
- We need to strategically manage our 'aging workforce' such that they are have the 'right skills' to meet the needs of the restructured business
- Restructuring the business for the 'new paradigm' is extremely challenging
- With the downturn in manufacturing it is difficult to recruit quality tool makers
- It is important to work closely with Ford, Toyota & GM Holden to minimise obsolescence
- We are now reshaping our operation to be a 'jobbing shop' that is 'nimble & robust' as we continue our journey of diversification
- We are actively pursuing opportunities in Transport, Defense, Mining and the Aftermarket sectors
- With a smaller manufacturing footprint we need to consolidate, reshape & restructure the business
- Moving into other sectors has 'hidden costs' that need to be exposed early before too much time has elapsed



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- The future state of the business will require a workforce with a different set of skills
- Part of our ongoing strategy is to pick up a niche in the market and then 'go after it'
- We have dedicated people for our non-auto business so that it is focused and not distracted by the auto business
- One of the biggest challenges is the people aspect as we need the people with the 'right mindset'
- Maintaining overseas export business may be challenging when the MVPs cease local production as Australia will then be perceived as a non-auto country
- Doing things the same way will give you the same outcome, so we need to look at new ways of thinking and approaching the 'brave new world'

The feedback from the workshops continues to be excellent and some of the participants are increasing their collaboration with each other on new business ventures.

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