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Director's Message

Welcome to the first issue of the Newsletter for this new ASEA program, running under Element 1 of the Automotive Supply Chain Development Program (ASCDP).

The previous trilogy of ASEA Stages operating between late 2007 and mid 2009 resulted in the establishment of a comprehensive program. The focus of the ASEA program is to improve Supplier competitiveness and sustainability, and includes a company-wide assessment process to identify gaps to global best practice, a suite of products to help close the largest gaps, and a robust and disciplined operating framework and infrastructure. For those not familiar with the earlier ASEA program, it consisted of three stages:

Stage 1 - The Establishment of a set of Global Benchmarks and Metrics.

Stage 2 - Measurement of 63 Automotive Supplier Companies, across their "whole of business".

Stage 3 - Implementation of 36 improvement projects with 27 Suppliers.

Detailed reports from Stage 1 and Stage 2 can be found on the new ASEA website www.asea.net.au as can the final Newsletter #8 from the previous ASEA program, which provides a brief summary of the 36 improvement projects implemented in Stage 3. The ASEA team remains basically the same, led by Linsey Siede and Peter Taylor.

Many of the tangible outcomes from the ASEA Stage 3 Pilot, particularly those from the Strategic Business Planning (SBP) projects, are long term rather than immediate. However, the outcomes from the Lean Enterprise and Supply Chain Management (SCM) projects that were implemented do have numerous immediate results, as well as a long term impact.

Results from a selection of the projects implemented in ASEA Stage 3 provided the following benefits:

- Labour savings of 60% (Target was 50%).

- Floor space reduction of 50% (Target was 30%).
- Reject improvement from 6% to 2% (Target was 4%).
- Productivity improvement of 17% (Target was >5%).
- Real time data recording on the shop floor.
- Operational analysis, countermeasure, management control & target setting systems introduced.
- Standardized work gave a productivity improvement of 24% (Target was 15%).
- Tooling & machinery uptime improved by 4 hours/week (Target was 2hrs/wk).
- Die changeover time reduced by 70% (Target was 20%).
- Maintenance saving of 6 hours/week.
- Enhanced management and shop-floor alignment and teamwork.
- Already commenced the implementation of obtaining new products, markets and customers.
- Batch sizes reduced by 58%.
- Rework reduced by 50%.
- Reduced inventory levels by 20%.
- Forklift movements reduced by 63% (Target was 30%).
- Assembly time reduced by 25%.
- Cycle time reduced by 12%.
- Labour efficiency improved by 16%.
- Reduced inventory of local and overseas parts by 60%.

Some of the above results have helped to turn the products they are associated with from a loss position to a profit position, and the further implementation of additional improvements will only make this situation even better.

Many of the lessons learned during Stages 1,2 and 3 have already been incorporated into the new program, and have enhanced such items as the measurement, assessment and diagnostic tools, the reports provided back to the Suppliers, and the processes used throughout the program.

In the new ASEA program, we have been provided with an opportunity to work with 65 Automotive Suppliers at either the Tier 1, 2 or 3 level. As we go to print, over 40 of these 65 positions have already been filled, and more than a dozen Suppliers have already completed their assessment phase, and are ready to commence implementing improvement projects.

Throughout this new program, the ASEA team will also be conducting a number of “Best Practice Visits” to suppliers, as well as quarterly Supplier Networking “Forums” so participants can share some of their experiences with both the improvement projects and the program. A very successful Forum was held last month at Holden, and included presentations by the Purchasing Directors from Ford, Holden and Toyota as well as Companies that participated in the ASEA or C21 programs - as you will read later on in this Newsletter.

We welcome enquiries, comments, and feedback from Companies that are participating or observing, and also invite you to visit our new website at www.asea.net.au which will continually be updated to reflect the latest activities.

Program Update

After a delayed start, the ASEA program is progressing well with 52 companies registered, and 49 initial meetings completed. Of the 65 positions available for companies to participate in the program, 40 are already filled. A summary of feedback from Suppliers who have completed the assessment phase will be included in the next Newsletter.

Adelaide Client Manager - Peter Cesco:

Of the 40 suppliers currently participating in the program eleven are located in Adelaide, and it is anticipated that the number of Adelaide based suppliers participating in the program will increase. To provide active support to these companies, Mr. Peter Cesco has been appointed as the Adelaide based ASEA Client Manager.

Peter has a background in lean manufacturing and change management, and is very familiar with the ASEA program. He was one of the Adelaide based assessors during Stage #2 of the earlier ASEA program, and was also one of the Specialist Providers during the Stage #3 Pilot program. Please welcome Peter to the ASEA management team, and we are sure that he will be a great asset to the Adelaide based suppliers.

ASEA Metrics Wall:

Visual management is an integral part of any Lean

Enterprise, and has been embraced by the ASEA team. The metrics wall is an integral part of how the ASEA program is managed to show the target, status and key issues that need attention. We have formatted the ASEA metrics wall to ensure that we keep the program focused to achieve our key milestones.

As part of our practice of continuous improvement we are continually enhancing the metrics wall based on feedback from members of the ASEA Steering group and the ASEA team. This metrics wall is segmented into five major sections:

1. Team Members - Assessment & Project teams
2. Key Program milestones
3. Benchmarking & Assessment Phase
4. Improvement Project Phase
5. ASEA Program Reference & History

At ASEA we are following best practice methods, and encourage all participating suppliers in the ASEA program to also use visual management as a key tool to track and drive improvements throughout their businesses. We will provide more detail regarding the ASEA metrics wall in the next issue of the ASEA newsletter.

Thank you to Seamus Power

At the ASEA Steering Group meeting held on the 11th June 2010, the Chairman Mr. Barry Comben passed on the sincere thanks of all members to Mr. Seamus Power for the excellent support, commitment and service he has provided, since he became a member in 2007.

In a Group comprising of representatives from the three Motor Vehicle Producers (Ford, Holden and Toyota), the Commonwealth Government, the State Governments of Victoria and South Australia, AutoCRC and the Federation of Automotive Products Manufacturers (FAPM), Mr. Power played a key role as the Automotive Supplier Representative.



In discussions relative to a replacement for Mr. Power, the Group decided to enhance the representation for Suppliers and appoint two representatives, one from Victoria and one from South Australia. The current members of the ASEA Steering Group are:

- Chairman, Mr. Barry Comben
- AutoCRC, Dr. Matthew Cuthbertson
- Commonwealth Government, Mr. Jeff Beeston
- FAPM, Mr. Richard Reilly
- Ford Motor Company of Australia, Mr. Carl Parkin
- GM Holden Ltd, Mr. Sean Liang
- South Australian Government, Mr. David Rush
- Suppliers - South Australia, Mr. Paul Sandercock
- Suppliers - Victoria, T.B.A.
- Toyota Motor Corporation of Australia, Mr. Barry Budge
- Victoria State Government, Mr. Christopher Wong

ASEA/C21 Supplier Forum

On Monday 24th May, the first of the ASEA Supplier Forums was held. Hosted by GM Holden at their Port Melbourne Headquarters, the theme was 'Collaboration - Working Together.' Echoing the theme, this forum was a joint initiative with the Victorian Government's C21 Program and was attended by over 100 industry players.

The full agenda provided an insight into how companies can work together to achieve common

goals. A special thank you to Matt Newey from Futuris, Philip Schoofs from Snedden & Kingston, Cliff Matthews from MtM and Rohan Appleton from Precision Plating for sharing their company's experiences. During the afternoon we also heard from Ford, Toyota and Holden and enjoyed an opportunity to network and catch up with friends and colleagues.



The Forum was very well received and we look forward to seeing you all again at the next Forum - details to be released soon.

If you would like to be kept informed on upcoming ASEA events, please go to our website or send your contact details to the ASEA office.

ASEA Website Re-Launch

We are very pleased to announce we have re-launched our website with new a new look and feel. Why not visit us at www.asea.net.au to find out more about ASEA, download our new launch brochure or to register for the ASEA program. I hope you will all agree that our new website is greatly improved.

More Information

For further information, please contact Linsey Siede or Peter Taylor at the ASEA office:

peter.taylor@asea.net.au
linsey.siede@asea.net.au

Unit 1/ 3 Westside Avenue
P.O. Box 231
P: 03 8681 8626
F: 03 9673 5999