

ENTERPRISE CONNECT

and Partner Organisation **NORTH Link** (Program was launched: October 2007)

| Business Review Service | Tailored Advisory Services |



Progress Report

TO 30 JUNE 2012



Incorporating



www.nbaa.com.au

This report summarises activities to 30 June 2012. One hundred and nine comprehensive Business Review Reports and ongoing services have been delivered by NORTH Link.

This report also provides a range of key statistics, outcomes and benefits achieved by the participating companies.

- What is Enterprise Connect?
- Industry Sectors Participation
- Top Ten Recommendations from Key Actions
- Tailored Advisory Service Grant Applications
- Best Practice Benchmarks
- Highlights from the Manufacturers' Monthly 2012 Endeavour Awards

I would like to thank all participating companies for their co-operation and for welcoming me into their place of business.

I hope you find the report and the information beneficial.

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An Australian Government Initiative



www.enterpriseconnect.gov.au

1.0 WHAT IS ENTERPRISE CONNECT?

Enterprise Connect is an Australian Government initiative backed by industry that offers comprehensive advice and support to eligible Australian businesses to help them transform and reach their full potential.

Enterprise Connect recognises that one of the biggest challenges facing businesses is having the skills and know-how to implement innovative changes in their business.

Through a national network of Enterprise Connect Manufacturing Centres, highly skilled Business Advisers deliver integrated, practical services that help small and medium businesses improve productivity, build internal capacity and capitalise on their growth potential.

WHAT SERVICES ARE AVAILABLE?

Business Review

An independent Business Adviser works with you to review your business potential. They provide an independent snapshot of your current business strategy, and assistance to discover new ways to transform your operations.

This is provided at **no charge** to the firm.

Tailored Advisory Service

Businesses that complete a Business Review may apply for a Tailored Advisory Service Grant. This grant will help you follow through on the recommendations of the Business Review. Enterprise Connect will reimburse half the cost, up to a maximum of \$20,000 (excluding GST), to engage a consultant/s.

Improvements eligible for funding may include, but are not limited to:

- supply chain management
- business and quality management systems
- lean manufacturing/office
- strategic business planning
- resource management
- waste/resource management
- people and change management
- new product/service development
- diversification/economies of scale
- market access and development
- export strategy

Who is eligible?

To be eligible for a Business Review, all businesses must:

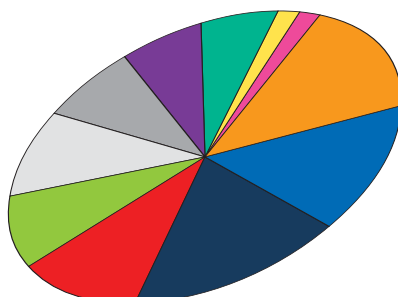
- Possess an Australian Company Number (ACN) or, in the case of Remote Enterprise small and medium sized business, an Australian Business Number (ABN)
- Meet the relevant turnover or expenditure thresholds
- Be solvent
- Have operated in Australia and filed business activity statements showing ongoing trading in at least three consecutive years
- Not have received a Business Review previously.

www.enterpriseconnect.gov.au

2.0 INDUSTRY SECTOR PARTICIPATION

INDUSTRY SECTORS

As at 30 June 2012, 109 business reviews have been delivered to companies from the industry sectors listed.



3.0 TOP TEN MAJOR RECOMMENDATIONS FROM THE KEY ACTIONS OF THE BUSINESS REVIEWS:

One hundred and nine business reviews delivered with an average of four major recommendations each are now eligible for Tailored Advisory Service government funding, including:

74 recommendations

for **Financial and Operational Measures** to improve reporting systems, identify key performance indicators and improve business results.

58 recommendations

for **Lean Systems/ Manufacturing Innovation** to optimise supply chains, quality, material flows, stock management, productivity, equipment up-time, preventative maintenance, housekeeping and safety.

48 recommendations

for **Marketing and Growth** to explore opportunities for growth including increased market share, new opportunities in new markets and joint venture partnerships.

43 recommendations

for **Strategic Business Planning** to implement essentials for the future including business assumptions, market trends, capital investments, human resource, succession planning, business requirements, mergers or takeovers.

42 recommendations

for **Leadership Culture** to better communicate policies, values and to establish continuous improvement and innovation.

29 recommendations

for **Innovation and Technology Strategies** to explore new technology to achieve distinctive offerings, differentiation and unique product/process innovation and international technology collaborations.

27 recommendations

for **Human Resource Management** to assess employee development and training needs, retention of skilled people and to create a supportive and cooperative work environment.

19 recommendations

for **Quality Management Systems** to monitor and minimise cost associated with non value-added wastes and to build quality practices into both production and administrative functions.

13 recommendations

for **Manufacturing Resource Planning** to maximise on-time deliveries, customer order entry, material requirements, inventory management, stores and warehouse control and documentation accuracies.

10 recommendations

for **Customer Service and Relationship Strategies** to facilitate more effective communication with customers and markets and to receive customer feedback regarding future requirements.

4.0 TAILORED ADVISORY SERVICE GRANT APPLICATIONS

Achieving strategic objectives and improving business performance through TAS Grants with the assistance of professional external consultants that provided opportunities for the introduction of the Business Review Recommendations.

Recommendations.

Thirty six applications for TAS funding with a value of \$832,500 spread over the following top 6 categories

- **Lean Systems/Manufacturing Innovation**
 - provided improvements in productivity, supply chain, equipment utilisation and stock management
- **Financial and Key Performance Measures**
 - provided more effective financial systems, reporting systems and key performance indicators
- **Marketing and Product Innovation**
 - provided opportunities for growth, opportunity scanning, market research and product and process innovation
- **Strategic Business Planning**
 - provided opportunities to plan and analyse future business assumptions, capital investments and risk management
- **Quality Management Systems**
 - provided opportunities to implement appropriate accreditation and certification standards
- **Leadership Culture**
 - opportunities to establish company vision and values communicated throughout the company to contribute to long term objectives

5.0 BEST PRACTICE BENCHMARKS: what the world's best enterprises achieve

Business and Financial Perspective

- Five year strategic plan
- Annual business financial and operational plan
- Monthly management business performance review
- EBIT >12% on annual sales
- Return on Net Assets >50%
- Return on Total Assets >25%
- Interest cover >10
- Value added as a percentage of sales >65%
- Value added per full time employee >\$140k
- Debtors <35 days collection
- Creditors <35 days payment
- Cash in bank >4% of annual sales
- Sales generated per square metre >\$6k
- Total sales per full time employee >\$220k per year
- Total cost of production <70% on annual sales
- Gross margin revenue >30% on annual sales

Customer and Market Perspective

- Customer growth >15% per annum
- Sales growth >12% per annum
- Percentage on sales from new products >16% on annual sales
- Percentage of export sales >15% per annum
- R&D Innovation expenditure >4% on annual sales
- Marketing expenditure >3% on annual sales
- Sales expenditure >6% on annual sales
- Marketing & Sales Plan
- R&D Innovation Strategy
- International Benchmarking

Learning and Growth Perspective

- Leadership, culture policy
- Directs to Indirect ratio 3:1
- Absenteeism per employee 3 days per year
- Operating with Continual Improvements Teams
- Operating with OH&S 18001:2007
- Employee turnover <5% of full time employees
- Training and development budget >1% of sales

Internal Process Perspective

- World class quality credentials to AS/NZS ISO 9001:2008
- Environmental credentials to AS/NZS ISO:14000:2004
- Customer delivery performance against orders >99%
- Supplier delivery performance >99%
- Capital Investment >3% on annual sales
- Zero accidents
- Operating with lean methods
- Manufacturing and administration PPM defects <200
- Operating with Master Production Scheduling (MPS)
- Operating with Manufacturing Resource Planning (MRP)
- Operating with Sales and Operational Planning (S&OP)
- Overall equipment effectiveness >92%
- Stock turns >10
- Production schedule adherence >96%
- Scrap or yield loss rate <0.2% of sales



6.0 HIGHLIGHTS FROM THE MANUFACTURERS' MONTHLY 2012 ENDEAVOUR AWARDS

Integra Systems

Winner of the 2012 prestigious category of Most Innovative Manufacturing Company.

This award recognised Integra Systems for the invention of the world's first high speed coil processing line – the 'Punch-IT Coil Line' which provides a major competitive advantage against light metal imports. This production process technology offers: quick turnaround and shorter lead times, innovative use of core assets and unique approach to engineering design through Design for Manufacturing (DFM).

Integra Systems was a finalist in two other categories of:

- Lifetime Achievement Award – Russell Hughes
- Female Manufacturer of the Year – Erika Hughes

Factory and head office located in Broadmeadows Victoria provides concept design, product engineering and prototyping for products manufactured using purpose-built metal processing.

Armstrong World Industries

Winner of Environmental Solution of the Year Award.

This award recognised Armstrong's strategic objective to minimise the environmental footprint of their products.

The development of Eco-Terrazz, Vinyl Composition Tile (VCT) with 60% recycled content, has saved thousands of tonnes of material from landfill, as well as creating a new product for valuable export and local markets.

Armstrong World Industries

Australian Consumer/Trade Product of the Year Award

"Highly Commended" in this category for their Eco-Terrazz, Vinyl Composition Tile (VCT) which is tough, resilient vinyl flooring, suitable for installation in heavy commercial or domestic applications.

Chocolatier Australia

"Highly commended" in the Enterprise Connect Achievement Award for their dedication to innovation, market share growth and factory site utilisation. A leading manufacturer of premium range of chocolates.

The Enterprise Connect business review conducted in 2010 identified initiatives to strengthen market competitiveness and positioning through the implementation of key initiatives such as: 'Innovation Strategy', 'Inventory and Working capital management' and 'Productivity and Factory utilisation'.

These initiatives funded from Tailored Advisory Service grants and internal budgets provided extensive product innovation, operational improvements, and process quality and market share growth.

Edlyn Foods

Enterprise Connect Achievement Award finalist for their dedication to market expansions, investments in resources, manufacturing and service excellence through the process of continuous improvement. Reputation for quality, product innovation and service excellence.

State of the art factory in Epping Victoria with extensive investments in food processing equipment and integrated planning systems has provided the company with competitive advantage including increased productivity, supply-chain effectiveness and added capacity to meet market requirements and the strategic growth plan.

The Enterprise Connect business review conducted in 2009 identified initiatives for market competitiveness and positioning through the implementation of key drivers such as: 'Lean & Value Creation through integrated planning', and 'Innovation Strategy'. These initiatives funded from Tailored Advisory Service grants and internal budgets provided extensive operational improvements and increased market share derived from continuous improvement and innovation.

Kitchen Innovations

Enterprise Connect Achievement Award finalist for their dedication to factory relocation, capital equipment investments and market expansions. A leading designer and manufacturer of products associated with kitchen, bathroom and laundry cabinets.

The strong rate of growth has been made possible by investments in state of the art factory facility in Campbellfield Victoria with extensive investments in processing equipment and integrated planning systems.

The Enterprise Connect business reviews conducted in 2008 and in 2011 identified initiatives for market competitiveness and positioning through the implementation of key drivers such as: 'Process Management', 'Integrated Planning' and 'Human Resource Development'.

These initiatives funded from Tailored Advisory Service grants and internal budgets provided extensive operational improvements, process quality and market share growth.

