

NORTH Link: a Partner Organisation in the Commonwealth ENTREPRENEURS' INFRASTRUCTURE PROGRAMME (EIP)

| Business Evaluations | Business Growth Grants |



Networking for Economic Development

Incorporating



**NORTHERN BUSINESS
Achievement Awards**
A Forum for Business Excellence

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NORTH Link EIP Programme

The EIP programme is funded by the Commonwealth Government to provide no cost Business Evaluation reports to companies with turnover between \$1.5 million and \$100 million per annum.

NORTH Link has provided over 200 Business Evaluations since 2007. This brochure provides information on key elements of the programme.

If you would like additional information or would like to register for the programme, please contact:

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Australian Government
Department of Industry
Business

1.0 WHAT IS EIP?

The EIP offers practical support to Australian businesses with turnovers between \$1.5 million and \$100 million per annum. EIP is a new approach to the way the government provides services to business. It recognises Australia's diverse business landscape and how the market and industry is changing in the global economy.

With a national network of more than 100 experienced private sector Advisers, the EIP offers support to businesses through three streams:

- Business Management;
- Research Connections; and
- Commercialising Ideas.

Practical support for businesses includes:

- Advice from people with relevant private sector experience;
- Small co-contributions for re-engineering or growth opportunities for business; and
- Connection and collaboration opportunities.

Services are flexible, tailored and focussed on value-added advice and support. Some services can be accessed by all Australian businesses. Eligibility criteria apply for more targeted assistance and grants.

The Programme has a phased delivery, with initial services commencing on 1 July 2014. Programme information will be updated as more services become available in late 2014.

WHAT SERVICES ARE AVAILABLE?

Business Evaluation

An independent Business Adviser works with you to review your business potential. The Advisor provides a private and confidential, independent snapshot of your current business strategy, and assistance to discover new ways to transform your operations.

This is provided at no charge.

Business Growth Grants

If you have completed an EIP Business Evaluation, you may be eligible for a Business Growth Grant. Grant funding can be used to engage consultants to improve your business as per recommendations in the Business Evaluation. Your Business Growth Grant project must address areas of expertise that:

- are new to your business
- build the internal capability of your business
- embed new knowledge into your business
- are not in the normal course of your business

Businesses will be reimbursed up to half the cost of engaging the consultant, to a maximum of \$20,000 (excluding GST).

To be eligible to apply for a Business Growth Grant, your business must have undertaken an EIP Business Evaluation and meet the other eligibility requirements outlined in the Business Growth Grant Information Guide available at http://www.business.gov.au/advice-and-support/EIP/Documents/BGG_CIG.pdf.

Applications for the Business Growth Grant are to be submitted within six months of completing your Business Evaluation. If your application is successful, you will be required to enter into a Funding Agreement.

NORTH Link Business Advisers

Robert Murphy has forty years manufacturing experience which include thirty years in senior management roles with large national and multinational companies. Rob has extensive experience in plastics and metals industries and has provided business evaluation services with NORTH Link for over 12 months.

John Lochery is an experienced senior manager with a strategic focus and strong team development skills gained from 25 years commercial experience in the Australian Manufacturing Industry. In former roles as Managing Director and CEO, John has been responsible for manufacturing and production, finance, HR, sales and marketing, legislative compliance as well as the strategic planning and implementation of a business plan to support the strategy.

2.0 ELIGIBLE INDUSTRY SECTORS

INDUSTRY SECTORS

Eligible industry sectors include:

- Creative industries
- Defence
- Energy, water and waste management
- Freight and logistics
- Information and communications technology (ICT)
- Infrastructure related construction
- Manufacturing or manufacturing-related services
- Medical and pharmaceutical
- Professional services
- Resources technology
- Tourism

3.0 TOP TEN BUSINESS EVALUATION RECOMMENDATIONS:

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

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

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

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

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

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

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

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.

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

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

4.0 BUSINESS GROWTH GRANTS

The top six categories for Business Growth Grants were:

- **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 do the world's best enterprises do?

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
- Direct to Indirect employee ratio 3:1
- Absenteeism per employee 3 days per year
- Operating with Continual Improvement 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 (SOPs)
- Overall equipment effectiveness >92%
- Stock turns >10
- Production schedule adherence >96%
- Scrap or yield loss rate <0.2% of sales



6.0 ACHIEVEMENTS, EXPANSIONS AND INVESTMENTS

6.1 Melbourne's North Innovation and Investment Fund (MNIIF)

The Melbourne's North Innovation and Investment Fund (MNIIF) is a \$24.5 million competitive, merit-based grants program. Under the MNIIF, eligible projects will focus on encouraging new investment to create new or additional business capacity that results in sustainable jobs.

The Melbourne's North region is defined as the four Local Government Areas of:

- Hume
- Whittlesea
- Moreland
- Darebin

The Australian and Victorian Governments have established the MNIIF in response to the announcement by Ford Australia that it will cease its vehicle and engine manufacturing operations in Australia from October 2016. Funding over three financial years from 2013-14 to 2015-16 will be provided to the Melbourne's North region, as well as the Geelong Region, in recognition of the economic and social impact of Ford Australia's announcement on those communities.

The Australian Government will contribute \$30 million; the Victorian Government \$9 million; and Ford Australia \$10 million. Of the total \$49 million in funding, \$24.5 million will be made available to the MNIIF and \$24.5 million will be made available to the Geelong Region Innovation and Investment Fund.

Four companies from the NORTH Link EIP received a combined sum of over \$3.2 million from the MNIIF competitive fund:

Everest Colonial

Funding to provide installation of a Blast Freezer to increase production of ice-cream to meet increasing demand.



The Sparkling Beverage Company

Funding to expand and upgrade production lines to increase volume and diversify into glass and canned beverage production.



Top Cat Installations - Kitchen Innovations

Funding to provide expansion of manufacturing operations to service the market for stone kitchen bench tops.



Baxter's Foods

Funding to increase production capability, a world class R&D Technical Centre, and an export base into Asian markets.



6.2 MANUFACTURERS' MONTHLY 2014 ENDEAVOUR AWARDS

Food Plastics - Endeavour Award finalist for product and market expansions, investments in resources, automated equipment and relocation to larger factory to Campbellfield in Victoria.

A new state of the art factory with automation and integrated systems provides competitive advantages including increased productivity, supply-chain effectiveness and capacity to meet market requirements and improved growth.

Business evaluation conducted in 2013 identified the need for increased market competitiveness and positioning through the implementation of key drivers such as sustainable strategic planning and continuous improvement team culture to support growth and the financial plan.

The company introduced product and manufacturing costing systems to evaluate each product's productivity, economies of scale and profitability.

