

**“FROM GOOD TO BETTER TO BEST:**

**business excellence in Melbourne’s North”**



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**NIETL/NORTH Link presented the Business Excellence Program for SMEs through sponsorship provided by the Northern Area Consultative Committee (NACC), Commonwealth Government Department of Transport and Regional Services (DOTARS) and Victorian Government Department of Innovation, Industry and Regional Development (DIIRD). This final report presents a summary of the outcomes and how we have met the project aims and objectives. We offer the Methodologies and the Total Business Excellence Model contained in this report as tools to assist those businesses seeking business excellence and international competitiveness.**



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Business Excellence Program Reference Group

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- Tony Coppola, Executive Officer, NACC
- Paul Smarrelli, Business Excellence Manager, NIETL/NORTH Link
- Ross Tonkin, Administration Manager, Aqua Drilling and Grouting

## Project Staff

Paul Smarrelli was the NIETL/NORTH Link Business Excellence Facilitator for the project. He has extensive experience in manufacturing and in developing and expanding local and international markets, technical collaborations and joint ventures. He brought his extensive network of contacts to the project and worked full time with participating firms to provide expert advice to identify competitive strategies; review and implement business performance measures; streamline business systems and develop a workable business improvement/growth strategy with an emphasis on employee skill and participation. Mick Butera, Executive Director NIETL/NORTH Link Project Manager.

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Karen Legh, I.D.Yours, Publication Design and Layout.

## Guest Presenters

- Dr David Wilkinson, Program Director, Deputy Head, Graduate School of Management, La Trobe University "Management Information Systems"
- Geoff Durden, Professor of Marketing, Graduate School of Management, La Trobe University "Marketing Strategies"
- Dr Timothy Bartram, Lecturer Human Resource Management, Graduate School of Business, La Trobe University "Leadership Culture/ Empowerment"
- David Fitzgerald, Lecturer Marketing and Management, RMIT University "Capturing the Voice of the Customer"
- Glen Kerr, Managing Director, Webscan "e-business/e-commerce"
- Kim Walker, Manager, Invetech "Research, Innovation and Technology Strategy"
- David Scott, Director, Quality Award Partners "A World of Quality Standards and Continual Improvements"
- Dr Jon Hodson, Director, Invetech "Manufacturing Innovation"
- Kevin Frayne, Partner, BFG Consulting Group "Supply-chain/Logistics Management"
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- Chris Whiting, Senior Consultant, Australian Productivity Council "Competitive Strategy – Business Audit"

- Leon Ross, Marketing Manager, Australian Productivity Council "Competitive Strategy"
- Tom O'Lincoln, Deputy State Manager, AusIndustry "Helping You to Innovate"
- Rob Chandler, Regional Manager, DIIRD "Business Support Services"
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- Roger James, TradeStart Network Manager and A/G State Manager, Austrade "New Exporter Development Services"
- Sarah Yang, PhD Candidate, Graduate School of Business, La Trobe University "How to Seek Competitive Advantage"
- Michael Grogan, Managing Director, Sutton Tools "Manufacturing Excellence and Global Distribution"
- Richard Jones, General Manager, EAN Works Australia "Simulated Supply-chain and Inventory Management"
- Robert Pattison, Managing Director, Calsonic Australia "Lean Manufacturing Excellence"
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Mick Butera  
Executive Director,  
NIETL/NORTH Link

# Foreword

NIETL/NORTH Link has identified the potential to successfully encourage and accelerate the implementation of a business excellence and international culture in the northern region of Melbourne, especially for small to medium sized enterprises.

The benefits of implementing such a culture are many and include:

- Increased productivity, efficiency, reduced costs and innovation excellence through management empowerment
- Identification of company competitive position through development of a targeted vision and strategy
- Effective communication practices through leadership and employee empowerment
- Advanced innovation, technology and quality integration
- Increased networking and learning from leaders in innovation
- Increased interaction with companies at the leading edge of excellence

In today's global economic environment it is essential that companies have the know-how and flexibility to meet the challenge of increased competition.

The NIETL/NORTH Link Business Excellence Program provided participants with an opportunity to implement new performance measures and controls; to review their business systems and develop the ability to compete against the world's best. It provided assistance to SMEs to implement a leadership culture and management information systems to ensure accurate decision making and total business control necessary to achieve productivity increases of between 20%-30%.

The NIETL/NORTH Link Business Excellence Program provided SMEs with the tools for business improvement through two publications specifically developed for the program:



### Introduction & Methodology

An overview and content of the program and the features of a high performing company



### The Total Business Excellence Model

A step by step business best practice guide for SMEs. It provides the essential attributes for a world class organisation

NIETL/NORTH Link presented the Business Excellence Program for SMEs through sponsorship provided by the Northern Area Consultative Committee (NACC), Commonwealth Government Department of Transport and Regional Services (DOTARS) and Victorian Government Department of Innovation, Industry and Regional Development (DIIRD). This final report presents a summary of the outcomes and how we have met the project aims and objectives. We offer the Methodologies and the Total Business Excellence Model contained in this report as tools to assist those businesses seeking business excellence and international competitiveness.

NIETL/NORTH Link will continue to build on the achievements of the Business Excellence Program through dissemination of this report to business and by continuing to develop a vibrant business excellence culture existing in the northern region of Melbourne.

Mr Chris Heysen  
Chair,  
NIETL/NORTH Link



# Executive Summary

Melbourne's north contains over 50,000 enterprises with a high manufacturing base, making it one of the fast growing regions in Victoria. It is diverse and the location for many high ranking and internationally competitive and recognized manufacturers. Considerable potential exists for increased business improvements through the implementation of a business excellence culture and high performance strategy.

## Achieving Peak Performance: the Special Challenge

The aims of the Business Excellence Program were to provide local businesses in the region with guidance, support and expertise necessary to establish a series of business improvement initiatives in their company. We sought to introduce organizational leadership and a high performance and empowered management/workforce that paid strict attention to the special challenges necessary for

the achievement of peak operating performance including:

- An organisational leadership and interactive structure that was visible and accountable to company objectives
- Increased management control through measurable key performance indicators to achieve trading objectives
- The introduction of new performance drivers and innovation to remain one step ahead of the competition
- Development of a customer focused organizational structure with the ability to be responsive to changing/ industry trends
- New product and process innovation with a focus on quality and zero-defects outcomes in process and documentation
- Creative use of the skills and knowledge of employees to maximize new opportunities and elimination of non-value added wastes

## The Participants

The key focus of the program was on each of the participants to analyse their current business position and compare it against the features of the high performing company and business excellence model provided. Participants were encouraged to implement a wide range of new challenges in each of their companies that focused on productivity, effective communications and reporting methods that ultimately would result in higher levels of profitability and business viability. Fifty four businesses with aggregate annual sales exceeding \$450 million and employment levels of 2,450 people participated.

- Industry Categories:  
Metals/engineering 18, non-metallic, furniture and paper products 10, food 9, textile 5, services 5, printing 4, chemicals 2 and cosmetics 1
- Businesses Location:  
Darebin 16, Whittlesea 14, Hume 6, Banyule 6, Moreland 3, Yarra 2 and Other 7

Participants received a complete package of business excellence methodology and model. This provided a step by step guide to the essential attributes for a world-class organization. This methodology and model was implemented through one-on-one mentoring assistance, guest lecture presentations and networking opportunities, fourteen workshops and six industry tours to leading edge of excellence companies. Participants received regular individual advice on the effectiveness of their business systems, operational procedures developed through a review of their internal capabilities, resources and reporting structure.



Mentoring was an essential component of the program, as participants had different needs and at different stages of implementing their business excellence culture. The initial assessment focused on reviewing and implementing a range of identified low cost, low investment improvements and reviewing a checklist of key performance indicators forming the basis for planning and implementation of measures and controlling business outcomes.

The review also emphasized the importance of driving continuous improvement initiatives through their organization by introduction of a business excellence management team. The team would be committed to the achievement of company objectives through planning for new initiatives and monitoring the rate of progress and achievement of company goals.

Examples of initiatives would include:

- productivity enhancement;
- innovation in areas of product design;
- process improvements;
- analysing customer relations;
- employee development;
- manufacturing systems;
- quality and cost of quality;
- marketing
- commercialisation.

### Conclusion:

Each firm reviewed and reassessed the critical factors for their business. Assistance was provided to analyse all of these factors and to identify and implement improvements to increase productivity and fully utilize capacity and resources. The review process highlighted the many areas that required attention including business planning; measurement and cost control; establishment of key performance indicators;

marketing strategies; improvements to process and product documentation; improved communications and methods of reporting; employee accountability; teams to develop new products and markets; profitable opportunities to fund business growth; and long term company viability.

Featured presenters at each of the network meetings and industry tours provided the expertise for business excellence with their professional and detailed approach to best practice in that particular field. Notes and in many cases further follow up and individual meetings and assistance was provided.

Over the concluding six months, participants finalized their business improvement strategies and through analysing and planning, identified a range of new performance drivers to lift their trading results.

### Project Outcomes:

On the completion of the program each participant was asked to complete two evaluation questionnaires and to provide a brief summary of the benefits received from the program and to report on future business trends.

A summary of results follows:

#### 1.0 Economic Benefits

##### 1.1 Increased Employment -

for the trading year 2003/2004 the responses from participants were:

- 46% are predicting an average increase in employment of 7% or 78 new jobs across management, administration, sales and operations
- 42% are predicting stable or no changes to employment levels
- 12% are predicting decrease in employment levels of 3% or 9 people

The trend in employment for the incoming trading year is showing a positive net gain of 2.8% or 68 new jobs

##### 1.2 Increased Sales -

for the trading year 2003/2004 the responses from participants were:

- 52% are predicting increase in sales of average of 8% or \$18.7 million
- 32% are predicting stable sales
- 16% are predicting decrease in sales of average of 6% or \$4.3 million

The trend in sales for the forthcoming trading year showed a positive net gain of 3.2% or \$14.4 million over the previous year spread across all industries participating in the Business Excellence Program

#### 2.0 Business Excellence Tools

##### 2.1 Business Excellence Methodology and Model

NIETL/NORTH Link provided participants with the tools for business improvement through two publications:

- "Introduction and Methodology" The organizational features of a business excellence culture and high performing company
- "The Total Business Excellence Model" A step by step business best practice guide and the essential attributes for a world-class organization

The two publications are available on request to enterprises seeking to implement a business improvement culture in their company. Available electronically, hard copy or on CD [go to [www.melbournenorth.com.au](http://www.melbournenorth.com.au) for details]

##### 2.2 Case Studies and Activities -

the report details a number of regional best practice case studies and role models of businesses that can act as mentors and provide an example of business excellence. Workshops, lectures and the Business Excellence Model provided participants with industry tours, practical demonstrations of the methodology and the knowledge to implement a business excellence culture. This enabled participants to evaluate their current business systems and implement productivity initiatives through continuous improvement teams to enhance their competitive ability in the order of 20%.

### **2.3 Mentors –**

the project recruited fourteen leading edge organisations and educational institutions with the necessary knowledge of business excellence culture and international best practice procedures. The support from these organisations came through industry tours to their businesses and guest lecturer presentations at workshop meetings on selected business excellence topics

### **2.4 Business Plan and Control Measures –**

the program provided participants with assistance and guidance through a total business excellence model on how to develop, implement and control an annual business plan and five year strategic plan. The content of the plan focused on reviewing the current business position and identifying new performance targets and objectives for the coming trading year. The important measures and performance indicators to drive the business to peak performance were thus implemented. Twenty two companies are participating in the development of a new business and strategic plan

### **2.5 Leadership Culture and Employee Participation –**

the program provided participants with the format for a management team structure that encourages and motivates a selected group of skilled individuals to effect change through continuous improvement. The team conduct studies for proposed improvements and examines the factors that influence business performance. This promotes positivity and provides employees with the opportunity to participate in important improvement projects.

### **2.6 Marketing Plans –**

The Project recruited eleven firms from the Program to develop and write a customised marketing plan, assisted by MBA students from La Trobe University, Graduate School of Management. Students were supervised by Professor of Marketing Geoff Durden.

The marketing plans provided a comprehensive and professional report, setting out opportunities in specific countries/regions, together with a strategy and plan for capitalising on those opportunities through analysis of a range of objectives, strategies and market entry modes.

### **2.7 Enterprise Improvements –**

The Project recruited eleven firms to participate in a Group Enterprise Improvements Program on Supply Chain and Logistics management, sponsored by the Department of Innovation, Industry and Regional Development (DIIRD). The Program focused on reducing operating costs through productivity improvements and to differentiate themselves in the market place through improved service/ value to their customers.

### Recommended Essentials for Achievement of Business Excellence

NIETL/NORTH Link makes following recommendations following completion of the Business Excellence Program in Melbourne's northern region.

#### **1 Establish Standards**

The essential attributes for a world class organization requires the establishment of precise standards and operating procedures; business policies; realistic business tasks based on objectives in business plans and strategies; methods of measuring and controlling performance and the capabilities to analyse and implement change and improvements, and have the flexibility and resources to be responsive to new challenges and sudden changes in market trends

#### **2 Senior Management Commitment**

The chief executive and the management team need to drive the leadership culture. They must show commitment to the challenge of targeting business excellence and successfully manage new objectives and key performance drivers. The team must plan, measure, review and control results and then communicate to all plus encourage ongoing input and suggestions from employees

#### **3 Employee Participation and empowerment**

It is essential to encourage a positive attitude in the organization with leadership, empowerment and an interactive structure, visible and accountable with strong cross-functional coordination. Creative use of the skills and knowledge of people to maximize business results eliminates non-value added waste. Encourage employee participation in company developments programs. Let the employees discover the satisfaction of becoming involved and controlling their own work and put forward their own ideas

#### **4 Review Current Position**

To increase business capability, it is essential to undertake a thorough review of where the business is at the moment to identify the critical elements and measurable features of the business. The management team task is then to identify a series of sustainable competitive strategies to enhance business performance and ways to exceed the competition. These might include superior quality, value-added benefits, product/process innovations, defect free products and processes, 100% on time deliveries, flexibility and responsiveness to market and business trends

#### **5 Set Objectives**

Identify measurable strategic assumptions and long-term business sustainability, by identifying a range of key objectives, performance drivers, and measurable targets through the development of a realistic business and strategic plan. These will enable the firms to capitalize on opportunities for improvement and minimize weaknesses and threats to the business. The annual business plan process should commence three months before the new financial year and approved and implemented no later than the commencement of the new trading year. The implementation of the business plan needs to be correctly communicated and employee involvement is essential to the achievement of the content of the plan

## 6 Monitor the Plan Against Performance

It is essential to monitor the plan on a monthly basis against actual results to exercise control and implement the actions necessary to keep the business on the right track. At the beginning of each new month, review forward business trends against actual results and readjust business activities through a "forecast" that monitors ongoing changing trends. For a five year strategic plan, the process should commence three months after the new trading year has started, so that it does not clash with the annual business plan process. The five year strategic plan analyses the Macro long-term activities identifying the basis for growth and aligns the business against market trends, new product introductions, customer long term relationship/partnership in new markets and investments

## 7 Continuous Improvement a Must

To maintain a successful and profitable business, firms need to be proactive with a range of continuous improvement and competitive strategy initiatives that drive each area of the company to perform at higher levels and maximize profits. Effort needs to be directed internally to better understand the value-added areas of their business activities. In many cases firms enjoy a value-added contribution in the order of 45-70% of their company trading structure and any efforts applied to business improvements can provide quicker results due to normally being within their own control, in contrast to external factors

## 8 Business Control through Key Performance Indicators

Business activities can be controlled by selecting key performance indicators as critical targets that must be met for business success. As part of the monthly management review these key performance indicators should be critically reviewed against the business plan and forecasts. Unfavourable variances can then be identified and corrective actions implemented so that financial, project and operational activities are maintained on course. Performance indicators should be presented in the choice of formats including words, charts and graphs and to provide a detailed analysis of business achievements and activities, continuous improvement initiatives and performance measures. The Business Excellence Methodology publication lists four KPI models, each providing a different perspective:

- **The financial perspective**
  - measuring the ultimate financial results
- **The internal process perspective**
  - measuring the performance of the internal and external processes driving the business
- **The customer and market perspective**
  - measuring customer needs, satisfaction and market share
- **The learning and growth perspective**
  - measuring the basis for future success, people and infrastructure

Participants have shown their willingness to implement business excellence in their businesses through active involvement in the program industry tours. Twenty two companies will participate in a further series of six implementation meetings to network, benchmark and share results of their achievements

To ensure continuous success, firms must continue to review and implement:

- A wide range of operational improvements to enhance productivity, quality and price competitiveness
- A leadership culture amongst employees to develop individuals and enhance organisational capability
- Research and technology strategies to develop marketing and commercialisation propositions to retain and increase competitiveness
- Financial and administration systems to ensure that business aims, targets, measures, control finances and timing outcomes continue to meet the business requirements

The northern region of Melbourne still offers untapped potential to improve the business excellence culture of SMEs. The process of providing them with the opportunity and assistance to do so must be continued in order to maximize employment and competitiveness in the northern region of Melbourne.

Business best practice requirements have been provided to participants who now have greater awareness and understanding of how to conduct business at a higher level of performance effectiveness. The NIETL/NORTH Link Business Excellence Model provides methodologies, guidance and recommendations on how to introduce a wide range of new initiatives to achieve business excellence. It provides the guidelines and essential attributes to create a world-class organization. The positive outcomes will ultimately improve regional economy and generate an excellence culture.

### Program Evaluation

**A. Program Evaluation Workshops** – an average of responses found every workshop and industry tour as “Very Helpful” or “Extremely Helpful”. An average rating of 3.1 from a maximum rating of 4.0

**B. Program Evaluation Benefits** – an average of responses found the benefits and the effectiveness of the program topics and methodologies applied and the progress made into a business excellence culture were “Very Favourable”. An average rating of 3.3 from a maximum rating of 4.0

**C. Attendance for Workshops and Industry Tours** – over the whole program there was a participation rate of 76%, a satisfactory result given that the participants were senior managers with varying and constant demands on their time

## Program Methodology

Fourteen workshops, guest lectures, group interaction networking and six industry tours provided participants with the capability to implement operational improvements for business excellence. Participants received assistance to analyse their business systems and to develop a workable business improvement strategy for their organisation. Strategies and action plans to review current capabilities, resources, business systems and operational procedures were provided as part of the process of developing strategic plan for business excellence. A continuing emphasis on the development of employee skills and participation helped participants identify their competitive advantages, reviewed and implement performance measures and streamline their business systems.

A nine-month timetable was developed, listing a wide range of business topics. Organisations were then encouraged to put into practice what they had learned and to liaise with facilitator for assistance or to request a site visit for more in-depth advice and strategic planning. Each participant was encouraged to bring other staff members to meetings and many did so. Overall, the participation rate was 76%, a satisfactory result given that the participants were senior managers with varying and constant demands on their time.

The program topics and activities focused on the various factors that a firm needs to assess and evaluate in business best practice initiatives and were as follows:

Activities	Business Excellence Element
<p><b>June/July 2002</b> SMEs visited, interviewed and selected to participate in the program by Program Facilitator, Paul Smarrelli</p>	<p><b>Selection of Program Participants</b> Each enterprise was visited and interviewed to obtain accurate assessment of their current business position i.e. management systems, resources and capabilities</p>



## Business Excellence Program 2002/03

Activities	Business Excellence Element
<p><b>Workshop</b></p> <p><b>23 July 2002</b>            NIETL/NORTH Link – Paul Smarrelli, Program Facilitator            Program introduction and diagnostic analysis of participants current business            Aim: How to introduce new performance drivers and measures</p>	<p><b>Total Business Excellence Model and Methodology</b></p> <p>The first group meeting focused on a range of requirements for business excellence including a step by step business best practice guide; the essential attributes for a world class organisation and the introduction of new performance drivers and measures. At the networking session the participants were divided into six groups to identify the business issues they wished to focus on. Sixty issues were reported on and actioned.</p>
<p><b>Workshop</b></p> <p><b>6 August 2002</b>            La Trobe University, Graduate School of Management – Dr David Wilkinson, Program Director            Aim: KPIs, customer perspectives and financial reporting to control business activities</p>	<p><b>Management Information Systems</b></p> <p>Focused on measuring and controlling business Key Performance Indicators (KPIs); identifying competitive advantage; linking the internal and external environment; value adding and value chain analysis; linkages with customers and suppliers; controlling a wide range of new innovations and analysing threats and opportunities. Designing the MIS Plan was also examined</p>
<p><b>Workshop</b></p> <p><b>20 August 2002</b>            La Trobe University Graduate School of Management – Prof Geoff Durden, Professor of Marketing            Aim: Provide the basis for growth analysis, value adding, benchmarking, identify company competitive position and how to beat the competition</p>	<p><b>Marketing Strategies</b></p> <p>The meeting provided a clear outline of the importance of marketing strategies including the planning process; situation analysis; competitive forces; market analysis; entry modes and the role of marketing in the journey to business excellence. The framework on how to link the marketing strategy with the general management planning process and how marketing practice can align itself with best practice business methodology; how a firm proposes to connect itself to its various stakeholders was also examined</p>
<p><b>Workshop</b></p> <p><b>3 September 2002</b>            La Trobe University Graduate School of Business – Dr Timothy Bartram, Lecturer on Human Resources Management            Aim: Provide a framework to analyse organisational skills, decision making capacity of each employee, team building, improved communication channels, tap into people knowledge</p>	<p><b>Leadership Culture and Employee Empowerment</b></p> <p>The meeting identified a range of success factors for the implementation of a balanced human resource management strategy focussing on company long term goals and objectives. The human resource planning, identification and allocation of employee skills to achieve company goals was a key feature of the presentation. Formal training has been measured and shown to provide an average of 18% increase in productivity compared with businesses that do not provide formal training programs. Together with a reduction in non value added waste of 7% of costs, empowerment in the workplace increases employee contribution and provides increased accountability for work responsibilities</p>

Activities	Business Excellence Element
<p><b>Workshop</b></p> <p><b>17 September 2002</b>                      RMIT University – David Fitzgerald, Lecturer of Marketing and Management                      Aim: To introduce methods of assessing and fulfilling customer satisfaction and expectations, to exceed that of the competition by providing total value and service</p>	<p><b>Capturing the Voice of the Customer</b></p> <p>The meeting focused on a methodology to measure and develop a company wide value proposition to identify and meet customer needs; to assess the impact of customer retention over a number of years; to identify ways of measuring service quality and to develop a matrix summarising competitive strengths. These form the basis for targeting the performance improvements necessary to exceed that of competitors</p>
<p><b>Industry Tour</b></p> <p><b>26 September 2002</b>                      Sutton Tools – Michael Grogan, Managing Director                      Aim: To obtain first hand knowledge of world's best practice in manufacturing and distribution</p>	<p><b>Manufacturing Excellence and Global Distribution</b></p> <p>Sutton Tools is a leader in manufacturing technology and a major exporter. Located in the northern region of Melbourne, they provide a role model of business excellence and a market leader in the manufacture of high speed steel cutting tools for the Australian and international markets. Participants were provided with first hand knowledge of how Sutton Tools achieves and expands its market share milestones. Suttons demonstrated their core strengths are technical excellence, lean manufacturing methods, world quality and employee relationships through employee empowerment</p>
<p><b>Workshop</b></p> <p><b>8 October 2002</b>                      Webscan – Glen Kerr, Managing Director                      Aim: To demonstrate how e-commerce can maximise efficiency, improve internal and external communications and enable via the internet; access to new markets and information</p>	<p><b>E-business and E-commerce</b></p> <p>The meeting re-emphasised that smart businesses are increasing the use of electronic/online technologies to:</p> <ul style="list-style-type: none"> <li>● Build business relationships</li> <li>● Provide on line networking with other customers and businesses</li> <li>● Achieve speedy resolution of business objectives</li> <li>● Provide accountability and good communications</li> <li>● Document management systems</li> <li>● Survey customers for feedback and assessment of customer satisfaction</li> <li>● Automate Requests for Quotation (RFQ), quotation speed, efficiency and cost savings</li> <li>● Create upgraded electronic catalogues for improved catalogue management and presentation of product range</li> <li>● Create Electronic publishing, product specification manuals and product guides</li> </ul>
<p><b>Industry Tour</b></p> <p><b>24 October 2002</b>                      EAN Works Australia – Richard Jones, General Manager                      Aim: To view and examine a simulated supply chain and inventory management best practice model</p>	<p><b>Simulated Supply-chain and Inventory Management</b></p> <p>Participants focused on a simulated supply chain and inventory management best practice model. A manufacturing and distribution system, including bar coding, electronic messaging and EDI/scan packing was simulated. In addition, a case study from a distribution company, SAX International, presented the range of benefits to be gained from trading electronically e.g. reduced data processing time, increased accuracy, reduced discrepancy handling, automatic invoice handling and increased warehouse efficiencies</p>

Activities	Business Excellence Element
<p><b>Workshop</b></p> <p><b>29 October 2002</b> Invetech – Kim Walker, Manager Aim: To identify and implement the most effective value-chain technology, commercialisation process and innovation</p>	<p><b>Research, Innovation and Technology Strategy</b></p> <p>The meeting focused on identifying the most effective value-chain proposition, technology commercialisation, innovation initiatives and product/processes to enhance competitive advantage and market positioning. Attention was focused on how to implement incremental changes that provide benefits in two areas:</p> <ol style="list-style-type: none"> <li>1. process innovation initiatives that lower unit costs</li> <li>2. product innovation that builds market share and wealth creation.</li> </ol> <p>The methods to successfully commercialise new ideas starting from the idea and then build the concept step by step through to implementation were also examined.</p>
<p><b>Workshop</b></p> <p><b>12 November 2002</b> Quality Award Partners – David Scott, Director Aim: To examine the implementation of quality accreditation, cost of quality audits, building quality into the production process</p>	<p><b>A World of Quality Standards and Continual Improvements</b></p> <p>Quality certification and benchmarking need to be assessed by each individual business against the requirements of their own industry, customer requirements. This differentiation provides a competitive advantage, but also requires adequate resources to maintain the quality registration to AS/NZS ISO 9001:2000. Although registration may not be mandatory in many industries, the meeting emphasised that all businesses need to operate within the guidelines/elements of each quality standard and implement a quality focused culture with continual improvements</p>
<p><b>Workshop</b></p> <p><b>26 November 2002</b> Invetech – Dr Jon Hodson, Director Aim: Focus on maximising quality and productivity, people skills and knowledge, flexible systems, responsive to market needs, zero defects and waste policy</p>	<p><b>Manufacturing Innovation</b></p> <p>The meeting focused on the importance of embracing a continuous improvement and lean production methodology to achieve internationally competitive prices, quality, service and delivery. This status requires businesses to implement flexible and adaptable manufacturing processes and to create value adding products and supply chains that conform to international standards and keep abreast of changing customer and market requirements. The key for Australian manufacturers is to provide excellence both in product and service to achieve zero defects in process and documentation</p>
<p><b>Workshop</b></p> <p><b>10 December 2002</b> BFG Consulting Group  <ul style="list-style-type: none"> <li>● Kevin Frayne, Partner</li> <li>● John Beaty OBE, Partner</li> <li>● Jeremy Gilleard, Partner</li> </ul> Aim: To demonstrate how to introduce an effective supply-chain system, optimising material and information flow therefore reducing costs and improving customer service</p>	<p><b>Supply Chain/Logistics Management</b></p> <p>The Supply Chain/Logistics Management workshop focused on internal and external optimisation of materials and information flow throughout the organisation and the supply chain. An effective supply chain provides productivity and value adding benefits to a lower cost profile. This is achieved by reducing waste:</p> <ul style="list-style-type: none"> <li>● The objective of supply chain management is to reduce costs, improve customer service, flexibility, lead time reductions and improved supplier relationships- Supply chain benefits</li> <li>● improved delivery performance, inventory reduction, increased productivity, reduction in handling, managing suppliers, faster customer order response, better transportation performance, improved utilisation of facilities and improved accuracy – getting it right first time around</li> </ul>

Activities	Business Excellence Element
<p><b>Industry Tour</b></p> <p><b>12 December 2002</b>                      Calsonic Australia – Robert Pattison,                      Managing Director                      Aim: To view and examine lean manufacturing methodologies and employee empowerment in the workplace</p>	<p><b>Lean Manufacturing Excellence</b></p> <p>The tour to Calsonic provided first hand knowledge of Lean Manufacturing Excellence and how Calsonic achieved its market share milestone in the Australian automotive market. Manufacturing innovation, team leadership and employee empowerment were demonstrated as the major contributing factors to their success. Lean Manufacturing Excellence was demonstrated in:</p> <ul style="list-style-type: none"> <li>● Quality levels at &lt;50 PPM process defects an excellent achievement</li> <li>● Inventory/stock turns at world-class levels</li> <li>● House keeping, safety, cleanliness and pride visible in all areas</li> </ul>
<p><b>Workshop</b></p> <p><b>4 February 2003</b>                      Australian Business Advisers – Bob Jongebreur,                      Managing Director                      Aim: To identify and examine the critical factors for business growth including the vision organisational leadership structure necessary for successful growth</p>	<p><b>Managing and Funding Business Growth</b></p> <p>The workshop emphasised the importance of defining the organisational vision and objectives. It emphasised the principal that all business strategies flow from a correct evaluation of the business and markets in which it operates. For successful and sustainable expansion and diversification into larger markets, it is necessary to minimise the financial risks and requires a well informed and researched business analysis and positioning strategy.</p> <p>A long term strategic plan is necessary and must cover some essential requirements including:</p> <ul style="list-style-type: none"> <li>● Analysis of the industry – product positioning; market analysis; competitive analysis; determine competitive advantage and carry out SWOT analysis</li> <li>● Market strategy – pricing strategy; product promotion and distribution</li> <li>● R&amp;D/Innovation strategy – value adding</li> <li>● Operational plan – involve key management and ownership; KPIs; targets to measure performance; provide feedback to staff and review against targets/milestones</li> </ul> <p>The critical success factors for business growth require an organisational leadership structure and high performance management/staff group that pays strict attention to the special challenges necessary for the achievement of the company goals</p>
<p><b>Industry Tour</b></p> <p><b>13 February 2003</b>                      The Laminex Group – Tony Storey, State Manager                      Vic/Tasmania                      Aim: To view leading edge company, manufacturing and distribution excellence for a complex conglomerate</p>	<p><b>Integrated Distribution and Manufacturing Excellence</b></p> <p>The Laminex Group is a market leader in the manufacturing and distribution of high pressure laminates, fibreboard, particleboard and timber veneers. Participants learned how the distribution and manufacturing functions have been integrated across all Laminex Group companies. The group has a strong focus on “Values”; customer satisfaction and a range of strategic intent that included competitive advantage statements; manufacturing innovation; product research and technology; brands and design premiums; integrated distribution and customer intimacy. Company core activities are employee relationships, clear vision and objectives, Material Resource Planning (MRP) Systems</p>

## Business Excellence Program 2002/03

Activities	Business Excellence Element
<p><b>Workshop</b></p> <p><b>18 February 2003</b>            Australian Productivity Council</p> <ul style="list-style-type: none"> <li>● Craig Milne, Chief Executive</li> <li>● Chris Whiting, Senior Consultant</li> <li>● Leon Ross, Marketing Manager</li> </ul> <p>Aim: How to set the organisational vision and strategy to identify new performance drivers, strategies and control measures</p>	<p><b>Competitive Strategy</b></p> <p>This workshop emphasised the importance of defining the organisational vision to identify new strategies to transform each area of the company to perform at higher levels. Participants were provided with strategies to identify critical internal improvements and the introduction of a range of measures, to track these including greater use of people skills and knowledge; better utilisation of machines; defect free products and processes; 100% on-time delivery; and higher responsiveness to customer needs and market trends.</p> <p>A number of steps in formulating strategy and objectives were examined ranging from human resources to products and processes. Successful strategy requires careful decision making together with the right products, processes and procedures. Participants were provided with a business audit checklist to complete and to help identify opportunities for driving improvements</p>
<p><b>Workshop</b></p> <p><b>4 March 2003</b></p> <ul style="list-style-type: none"> <li>● AusIndustry – Tom O’Lincoln, Deputy State Manager</li> <li>● Department of Innovation, Industry and Regional Services (DIIRD) – Rob Chandler, Regional Manager</li> <li>● Department of Foreign Affairs and Trade – Annabel Anderson, State Director</li> <li>● Austrade – Roger James, TradeStart Network Manager and A/G State Manager – Vic/Tas</li> </ul> <p>Aim: To provide participants for information and assistance on subsidies from the Victorian and Commonwealth Government</p>	<p><b>Government Services and Funding Assistance</b></p> <p>Speakers for the State and Commonwealth Government provided participants with information on government programs available to support enterprises with innovation initiatives and improvements.</p> <p>AusIndustry – focused on the theme “Helping companies to innovate” through commercialisation incentives, R&amp;D tax concessions and R&amp;D start programs</p> <p>DIIRD – provided a detailed list of business growth and assistance subsidised programs, export business plan, enterprise improvements, leadership development</p> <p>DFAT – provided export growth statistics encouraging firms to expand internationally offering assistance with travel advice notices, markets and country’s culture information</p> <p>Austrade – information on the New Exporter Development Program (TradeStart). The aim of the program is to double the number of new and first time exporters to 50,000 by 2006. Companies receive a range of free services and assistance globally. Information on the Austrade Export Market Development Grants (EMDG) reimbursing expenditures incurred in growing exports was also provided</p>



Activities	Business Excellence Element
<p><b>Workshop</b></p> <p><b>18 March 2003</b></p> <ul style="list-style-type: none"> <li>• How to Seek Competitive Advantages La Trobe University – Sarah Yang, PhD Candidate, Graduate School of Business</li> <li>• Business Excellence Program Overview NIETL/ NORTH Link – Paul Smarrelli, Program Manager</li> </ul> <p>Aim: Setting and implementing future business improvement targets and responsibilities within the organisation</p>	<ul style="list-style-type: none"> <li>• <b>How to Seek Competitive Advantages</b></li> <li>• <b>Business Excellence Program Overview</b></li> </ul> <p>The meeting provided participants with a methodology for competitive advantages through an eight step program implementing organisational change</p> <ol style="list-style-type: none"> <li>1. Establish a strong leadership</li> <li>2. Create a teamwork structure</li> <li>3. Develop a vision and strategy</li> <li>4. Communicate to change vision</li> <li>5. Empower broad-based action</li> <li>6. Generate short-term wins</li> <li>7. Consolidate gains and produce more change</li> <li>8. Anchor new approaches in the culture</li> </ol> <p>The program overview provided a detailed review of:</p> <ul style="list-style-type: none"> <li>• Business Excellence Methodology and the features of a high performance company</li> <li>• The Total Business Excellence Model</li> </ul>
<p><b>Industry Tour</b></p> <p><b>2 April 2003</b></p> <p>NCI Packaging – Michael Tyrrell, Managing Director</p> <p>Aim: to view a manufacturing excellence plastic injection facility employing the latest technology and automation</p>	<p><b>High Tech and Environmentally Responsible Plastics Packaging</b></p> <p>NCI Packaging is a leading supplier of industrial food packaging, servicing brand name customers with innovative plastic and metal packaging products. Plastic production facility specializing in state of the art injection moulding, highly automated, clean efficient operation. The company has a strong focus on providing customers with total value, quality, price and service through product process innovation, employee empowerment and also has strong policy in increasing recycling technology for its products</p>
<p><b>Industry Tour</b></p> <p><b>1 May 2003</b></p> <p>Amcor St Regis Bates – Peter Crouch, National Sales and Marketing Manager and Larry Challis, GM Product Leadership</p> <p>Aim: To view world-class state of the art, continuous flow manufacturing process equipment for sacks food packaging requiring absolute hygiene standards</p>	<p><b>Product Leadership and Market Development</b></p> <p>Amcor St Regis Bates is a market leader in the manufacturing and distribution of multiwall sacks, servicing a broad range of products for the dairy, food, industrial and construction industries. With a market share of 65% of the Australian market and growing exports as a result of product and process leadership. Amcor St Regis Bates personifies Business Excellence. The company has a focus on developing high performance people. Core values include: customer satisfaction; integrity; team work; safety and environmental conscious; innovation and creativity. A recent investment of \$15 million in a food-grade sack manufacturing plant to supply the new maxipack system, improve container space efficiency and hygiene is an example of this</p>

### Selection and Recruitment of Firms

A brochure was produced outlining the program and its aims, and distributed to all NIETL/NORTH Link network members. Articles were also generated in local newspapers promoting the program's objectives and benefits. These calls for expressions of interest resulted in fifty four applications to join the Business Excellence Program.

A selection process then took place to identify participants. Each organization was interviewed to ensure that they were aware of the significant commitment that would be needed to successfully complete the program. This resulted in several organizations withdrawing. By August, the number of participants had settled at forty eight, all of whom went on to complete the program.

### Individual Assistance to Participants and Outcomes

During the program, each company was able to contact the program facilitator for individual assistance. Most participants took up this offer, with many individual site visits and off-site meetings taking place to review organisational structure; financial systems; productivity, product and material flows and a range of other assistance.

Mentoring assistance provided included:

- Development of a customised marketing plan, with assistance from La Trobe University MBA Students. This provided eleven businesses with the opportunity to learn the nature of the marketing process; the setting of business strategy and how to capitalise on the opportunities identified in the marketing plan. Participating businesses were:

#### TERM THREE – 2002

- Aegis
- Chocolatier
- Donna Rosa
- Edlyn Foods
- Wolf Engineering and Millwrights

#### TERM ONE – 2003

- Australian Knitting Mills
- Florida Cheese
- Magic Taste Foods
- Paramount Plastics
- Scalzo Food Industries
- Zuster Designer Furniture

- Selection of eleven firms to participate in a Victorian Government subsidised group enterprise improvement program on supply chain and logistics management. The group program was completed on 23 May 2003, delivered by the BFG Consulting Group. Participating Businesses were:

- Moduline
- Saint Gobain Abrasives
- Porta Mouldings
- Carbone Lorraine Australia

- Sneddon and Kingston Plastics
- McConnell Seats Australia
- Grierson's Complete Office Supplies
- Techni-Turnkey Group
- Vantico
- Edlyn Foods
- Amcor St Regis Bates
- Review of each participants operational performance for the implementation of a more effective organisational reporting structure for management and various levels of employees
- Provision of guidance and assistance in the recruitment of a production manager with the suitable skills and leadership to achieve improved operating performance
- Interactive management and employee brainstorming sessions: to identify a range of improvements through the involvement of work teams, through employee cooperation and implementation of actions identified by the work teams.



The company subsequently achieved an improvement of in excess of 20% in production through-put and work sequence; job prioritisation; material handling; reduction in disruptions and increased ability to identify new targets and work effectiveness

- Introduction of a continuous improvement team to achieve a 40% improvement in the manufacture of new machines. The prime task was to identify and list the major causes preventing the achievement of the team objective and then implement a range of actions e.g.
  1. make versus buy analysis to release key employees for more important tasks
  2. improved floor layout and work flow resulting in increased productivity, improved safety, freeing up of floor areas for expansions in work stations and a better working environment and staff morale

3. introduction of accurate product structures and bills of materials with resultant production improvements due to better communication and accuracy of standards

- Analysis of current business position and identification of company competitive advantages for implementation of action plans to expand into new markets; retention of the present customer base and the development of new methods of product promotion
- Analysis of import replacement opportunities for agricultural blades and knives to achieve increased local market share, by assisting the firm to conduct desk and field research
- Analysis and implementation of improved reporting structures to provide increased accountability when dealing with interstate operations in South Australia, NSW, Queensland and Victoria

- Provision of assistance in the implementation of an accurate product costing, profit/(loss) statement and forward order forecast procedures
- Provision and guidance to participants to build a foundation for continuous growth including:
  - Increased sales with superior service
  - New image, pride and visibility
  - Inbuilt quality and reduction in waste
  - Improved management knowledge and flexibility
  - More accurate reporting and cost control
- Analysis of current manufacturing methods, factory floor layout, supply-chain effectiveness, capacity and flexibility. This identified that store facilities, production flows and production planning all require major changes. The implementing of a lean manufacturing "pull system" to provide added capacity, flexibility and improvements to quality and productivity

- The Business Excellence Program has created the business confidence for nine companies to expand into global markets. Each firm reviewed their products and services and their unique advantages in niche markets. The program has provided the firms with the ability and knowledge to be internationally competitive on total value through a competitive strategy, organisational vision, new performance drivers, and control measures to match that of overseas competitors
- Assistance in the development of a Memorandum of Understanding and preparing an International Contract Agreement for expansion into global markets

## Business Excellence Program 2002/03

- Industry Tours to leading edge manufacturing companies, Sutton Tools, EAN Works, Calsonic Australia, NCI AMCOR St Regis Bates and the Laminex Group to view and learn about world's best practice lean manufacturing "Pull" system, world class quality and distribution
  - Provision of hands-on assistance to participants on how to apply the Business Excellence Improvement model. This step by step Business Best Practice approach to business planning provided the implementation of a monthly overview of achievement against the plan, a review of key performance indicators/ measures and how to implement action to achieve improved results
  - Assistance provided through "A Business Audit" to review and analyse the issues of importance to the business and the opportunities for improvements e.g. facilities, production planning and purchasing, warehousing and storage, quality, product research and development, sales, finance and personnel. The audit consisted of 60 items for review and a process to prioritise those actions most important in driving improvements in the business
  - Analysis of current business operational position relating to un-balanced employee work task responsibilities. Introduction of multi-skilling and cross-skilling of other employees in areas of material movements, machine set-ups and stock identification/control
  - Conduct of a thorough analysis of the sales back log and the reasons for outstanding work not completed, an identification of productivity improvements to increase output and capacity through employee participation and better use of assets
  - Provision of assistance to management to analyse key machine up-time/down-time and introduction of a refurbishment program for un-used machinery that provided increased outputs of 25%
  - Assistance to improve cash flow and profitability through
    - effective management
    - employee participation
    - increased capacity by introducing extended work shifts
    - identifying machines efficiencies
    - elimination of customer sales back orders
  - Provision of ongoing assistance to twenty two participants in a business excellence implementation series of six meetings, April to November 2003. The meetings will focus on selected topics for development, sharing experiences amongst the group and benchmarking areas for improvements.
- One-on-one confidential assistance will be available to implement change and measurable initiatives

Business Excellence Program for SME's

**Participating Businesses**

<b>Company</b>	<b>Core Business</b>	<b>Contact Name</b>
Aegis	Specialising in design, manufacture of electronic instruments, tools for telecommunications and electrical power	David Lin
Aerostaff Australia	Manufacturer of high precision metal components for aviation and defence	James Baker
Akron Engineering	Engineering services, machining and fabrication	Sal Mendoza/Peter Cacic
All-Brite Plating	Electroplating services, Zinc plating – barrel, rack/still, mechanical and lubricating coatings	John Beezley
Ausmed Publications	Publishing and retailing nursing and medical text books	Cynthia Wellings/ Natalie Angove
Australian Merino Spinners	Producer of fine and superfine yarn spun from pure Australian merino fleece	Mark Buckley
Brenniston First Aid and Workplace Safety	A supplier of first aid and workplace safety products and services	Michael Boltman
Britex Metal Products	Manufacturing stainless steel fabricated products, refrigeration cabinets and displays	Cam Risstrom
Carbone Lorraine Australia	Manufacturer of EDM products, carbon brushes and collectors	Bill Crookshanks
Carter Holt Harvey – Experko	Manufacturer of a wide range of paper products, napkins, tray mats, table covers, cups and plates	Donna Hughes
Chiquita Mushrooms	Australia's largest grower, manufacture and wholesaler of mushrooms	Joe Agostino
Chocolatier	Producer of finest quality chocolates, truffles and assortments	John Grisold
Donna Rosa	Producer and distributor of garlic breads and food products	Riccardo D'Alberto
ED Oates	Manufacturer of cleaning and storage products for domestic and industrial use	Tony Diamante
Edlyn Foods	Producer of cordial, toppings, fruit juices and cake mix products	Stuart Donnelly
Electrodrive	Manufacturers and exporters of powered trolleys and materials handling solutions	Harry Pullar
Lock It Well	Manufacturer of compact security key operated switch and accessories	Greg Howe
John A Mills and Associates	Manufacturer of machine tools	Beverley Mills
Figmar Cabinets	Manufacturer of custom made high quality cabinetry	Antonio Marques
Finlay Engineering	Manufacturing engineers, automotive machined metal products	Adam Sutton
Florida Cheese	Manufacturer of a wide range of cheeses and ricotta	Mauro Montalto
Fogg Filler Co	Manufacturer and designer of custom filling and capping systems	Martyn Crosland
Fowler Engineering Group		Glenda Bradley
Genevieve Yarn Dyers	Yarn dyers and processing	Mike Fisher
Graphics Unlimited	Creative graphic design, offset printing and book binding	Christine Williams
Gregory Knives	Manufacturer of a wide range of industrial knives and blades	Deborah Blakeley
Grierson's Complete Office Supplies	Office furniture and stationery supplies	Neil Grierson
Holroyd Engineering	Manufacturers and distributors of trailer parts as well as the reconditioning of torque converters	Jim Holroyd

## Business Excellence Program 2002/03

Company	Core Business	Contact Name
I Group Consulting	Application system development, information technology, customise business software and data migration	Kishen Nagarajah
Invincible Bandages Liebmann	Manufacturer of equestrian bandages	Harvey Liebmann/Judi
Jal Chemicals	Manufacturer of chemical products for cleaning and maintenance	Ahmed Hammam
MCE Lasers	Australian laser manufacturer – pipe laying and land levelling	Zoran Crvenkovic
MCM Chemical Handling	Contract processing and packaging of general chemical and dangerous goods	Thomas McMahon
Mocopan	Coffee manufacturer, wholesaler of coffee sundry lines	Peter Stathos
Moving Forward	Specialist coaching and business documentation systems	Robyn Pollard
Neatpack	Manufacturer of collapsible steel crate systems	Sarath Silva
Neon Press	Printing services, commercial and general printing	John Taylor
Norman Ritchie Textile Group	Manufacturer of high quality worsted wool blend fabrics	Eddie Yiu
Oracle Foods	Organic food products, dried fruit and nuts	Bronwyn Cole
Pipeworks Market	Fun market, trash and treasure and fruit/vegetable	Ross Taylor
Publicis Loyalty	Qantas club and frequent flyer service centre	Peta Lamb
Purgon Engineering	Design and manufacturer of automotive components, gear boxes, high pressure valves, LPG valves and fittings	John Russell
Snap Printing	Digital and offset printing, copying, laminating and binding	Candida Browne
Solahart Preston	Manufacturer of solar hot water systems	Stephen Box/Allan Hayes
Synergy Design Group	Manufacturer of display and exhibition equipment new and hire	Ben Hunt/Tom Ristevski
The Graffiti Eaters	Industrial cleaning, graffiti removal and distribution of enviroshield protective coatings	Mark MacKenzie
UNIBIC	Manufacturer of fine specialty biscuits, cakes and pastries	Michael Knaap
Wolf Engineering and Millwrights	Manufacturers and agent – grinding, fluting and new roller mills for grain and flour machinery	Karl Wolf
Zuster Design Furniture	Designer and manufacturer of luxury furniture	Katrina Myers
Heslop Diecasters	Manufacturer of high pressure castings for magnesium, aluminium and zinc	Ray Berry
Billi Integrated Systems	Manufacturer of underbench filtered boiling and chilled water systems, for kitchen and office	Andrew Vinicombe
Top Form	Manufacturer of post formers, benchtops and doors for kitchens and bathrooms	Paul Mizzi
Fiberloft Australia	Manufacturer of a range of specialty and exclusive bedding products, Alpaca quilt and underblankets	Trevor Beuth
Winona	Manufacturer and distributor of natural skin care products	Roderick Clark

## Mentors

The program recruited fourteen leading edge organisations and educational institutions with the professional knowledge of business excellence and international best practice procedures. Their support to the participants came through industry tours to their businesses, guest lectures and presentations at the workshop meetings on selected business excellence topics.

Company	Core Business	Key Lessons	Contact Name
Sutton Tools	High speed steel cutting tools	Manufacturing excellence and global distribution	Michael Grogan
Calsonic Australia	Integrated automotive systems, engine cooling systems and radiators	Lean manufacturing and six sigma quality status	Robert Pattison
The Laminex Group	High pressure laminates, fibreboard, particle board and timber veneers	Integrated distribution and manufacturing excellence	Tony Storey
EANWorks Australia	Supply-chain and inventory management, electronic scanning	Simulated supply-chain inventory management bar coding, electronic and EDI/scan packing	Richard Jones
Webscan	e-business and e-commerce	Electronic/online technologies and communications	Glen Kerr
Invetech	Technology based service provider, innovation engineering and design	Maximising quality, productivity, flexibility, value chain proposition, commercialisation and process innovation	Dr Jon Hodson Kim Walker
Australian Business Advisers	Provide assistance to business improvements and growth	Critical steps to managing and funding business growth	Bob Jongebreur
NCI Packaging	Plastic and metal food packaging	Injection moulding plastic production facility, clean and efficient operation	Michael Tyrrell
Amcor St Regis Bates	Multiwall sacks and packaging for dairy food, chemical and building material industries	Product leadership, market development through high performance people and team work	Peter Crouch Larry Challis
BFG Group	Business innovation, marketing, logistics and innovation	Supply-chain and logistics management, internal and external optimisation of material flow, information flow and cost reductions	Kevin Frayne John Beatty Jeremy Gilleard
La Trobe University	University, tertiary education and training	Management information systems, measuring key performance indicators, how to develop a marketing strategy, leadership culture and employee empowerment in the workplace, how to seek competitive advantages	Dr David Wilkinson Prof Geoff Durden Dr Timothy Bartram Sarah Yang
RMIT University	University, technical and professional education	Capturing the voice of the customer, methods of assessing customer satisfaction and how to exceed the competition	David Fitzgerald
Australian Productivity Council	Productivity professionals service, process and productivity improvements	Methods of setting organisational vision and strategy, new performance drivers and control measures	Craig Milne Chris Whiting Leon Ross
Quality Award Partners	QA management systems and business improvement services	Quality accreditation and management of the QA systems, productivity profile and international diagnostic business benchmarking	David Scott

## Case Studies in Business Excellence

Businesses were asked for comments on their participation in the Business Excellence Program.

Individual comments are provided below to highlight what the program provided in the form of assistance and how it created increased awareness and enhanced business excellence capabilities.

The comments illustrate how the firms are now better positioned to make accurate business decisions to strengthen their capability and how support was provided to them to achieve their business goals.

### **Mark Mackenzie**

**Research and Systems Engineer  
The Graffiti Eaters**

Industrial cleaning, graffiti removal and distribution of enviroshield protective coatings.

"Good Morning Paul

Just a quick note of thanks to you and your team for a very informative, well organized and professionally managed Business Development Program. Our company has gained a great deal from the experience, it has not yet all been implemented but will be over the coming months. Unfortunately changing existing systems and work practices is always a slower process than one would like.

I have attended a few different programs over the years, but none have quite got the message across like this course has about the benefits of Business Excellence, how it looks in practice and not just theory, and how the various components link together. We had parts of the business model right, but failed to pull together the complete package. This program has shown us how and provided the templates to guide us into a future of first class business management.

A few of the extras this program offered which attributed to its success are:

- The Industry tours which allow you to visualize the aspects we are learning and trying to implement. You get to talk with other business people, ask questions and discover the problems others have encountered and how they worked around them
- The personal contact and consultation with Paul Smarrelli who was always approachable and offered great feedback and advice
- The work books, advanced notice of meetings and meeting minutes which were always distributed in a timely fashion

On behalf of the Graffiti Eater team I sincerely thank Paul and his team, and the course sponsors (DOTARS). The program is great for the development of our local businesses. I would rate it a "must do" for all business owners/managers who want to see their companies grow into leading edge organisations."



**Eddie Yiu**

**Financial Controller  
Norman Ritchie Textile Group**

“Dear Paul

Please accept our sincere appreciation for organising the Business Excellence Program. It has been a great effort by you, Mick Butera and Sally Weston. The program was well structured and was presented in a most professional and effective manner.

We are in the textile and clothing industries that have been through a difficult period of adjustment to tariff reform and overseas competition. However, the industry is gradually redefining itself with a combination of the strengths from traditional operations and opportunities arising through its initiative to be transformed into a progressive, strategic and dynamic industry driven by innovation, export success, manufacturing efficiency, smart and niche marketing and just-in-time approach. By participating in the Business Excellence Program, we are now better prepared for such transition.

The Business Excellence Program, through its fortnightly workshops and industry tours, gave us an insight into various approaches in setting business objectives, future business direction, best practice benchmark and performance measurement and appraisal. The program also kept us well aware of the potential benefits that can be explored from research and innovation, supply chain and logistics management. Topics on leadership culture, marketing strategies, capturing the voice of the customer are extremely useful, as we are now in a better position to explore those important business elements to the best advantage of our business. Guest speakers with various expertises have been an integral part of the program.

They have effectively and systematically presented the best of their experience and knowledge within the limited time frame. The program has covered all the business essentials for survival and eventual success of any business venture. Business issues covered by the program are relevant not only to the business proprietors or the CEOs, they are no less important to management of all levels as management is the driving force in implementing the business objectives and best practices in any organisation.

By coincidence, during the course of the program, I was requested by my company board to prepare a five year business plan. I found that the knowledge gained from the Business Excellence Program is extremely relevant. I had utilised various business models and methodologies highlighted in the program to identify the strengths and weaknesses of our company and formulated our future business model from there.

The success of the program lies in bringing different levels of managers from a wide range of industries and businesses together. It provided the opportunity for the participants to share and learn from each others experience and also created a future network among them. It has been a privilege to be part of the Business Excellence Program. I hope NIETL/NORTH Link would initiate another program of a similar nature in the near future.”



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### Tom McMahon

**Managing Director  
MCM Chemicals**

"Dear Paul

Firstly I would like to thank you and your team for a terrific program that we found to be most beneficial.

As a result of attending the course we became aware that a first class business does not stop once goals have been achieved but has a culture of continuous improvement.

We have a new appreciation of the value of planning, measuring and reviewing the performance and as such have a formal monthly meeting involving all departments to assess performance against predetermined measures, once month end reports have been compiled.

Aspects of the business model that we have implemented are the 'Management information systems' especially the KPI's, the 'Leadership culture' empowering the employees on the factory floor and the 'Competitive strategy' which has certainly helped staff focus on our goals in what is for us a very business and tumultuous time relocating into a larger premises and dramatically expanding the business.

The benefits have been tangible in employee morale, suggestions and improvement in performance. Once again thank you for all your hard work in making it the success that it was."

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### Candida Browne

**Manager  
Snap Printing, Preston**

"The series of breakfast meetings were very informative and covered a wide range of business issues. Although all the areas covered were not applicable to our company, as we are part of a franchise group those that covered topics listed below were:

- Exceeding competition
- Identifying business improvements and growth
- Features of a high performance company
- Key performance indicators
- Competitive strategies

Topics outlining the steps to business excellence, business planning, performance reviews, mission and vision statements and strategic plans reinforced the steps we take every year to review our directions and set appropriate goals (business and marketing plans and 90 day strategies are mandatory in the Snap system). New concepts and ways of reporting information were also very useful.

Above all the opportunity to network with other businesses and discuss the general business environment was invaluable."

**Robyn Pollard**

**Moving Forward**

“The program has been great. Although I am only a really small business just starting I have found it full of great information that I can implement. I have already got a website up and going from Webscan (one of the presenters) and I am spending time planning and building in performance measures in every aspect of planning the business.

Thanks for the opportunity to be present at these meetings.”

**Donna Hughes**

**Carter Holt Harvey  
– Experko**

“Hi Paul

The key successes in my organisation from attending the business excellence course were:

- Reduction of raw material stock level by \$1.5 million since August 2002
- Implementation of equipment effectiveness measurement on our eight top machines. The team focused on real cultural change effort and new behaviours to deliver the results. We are making good progress to date and expect good gains to be delivered in the next 3-4 months
- We have made contact with Glen Kerr from Webscan to peruse an intranet site for our quality system

The other personal benefits worth mentioning is the networking opportunity which is invaluable as you can learn how other businesses deal with the same challenges. I would like to thank you Paul, for your input and willingness to provide advice on how to get the best out of a business. I hope to keep in touch and attend the scheduled implementation networking meetings.”

### Benefits as identified by participants

Participants were asked to identify the main benefits provided by the program. Their comments are summarised as follows:

*"The program has given me time to look at the overall structure and allowed us to question and improve things in our business"*

**Stuart Donelly, Edlyn Foods**

*"The program affords exposure to a broader range of businesses within the area. It enables greater confidences and exchange, the benefits and accesses. We have been able to start pure networking with other participants"*

**Ray Berry, Heslop Diecasters Pty Ltd**

*"The program was well organised, well structured, very competent speakers. The program should continue and expand"*

**Eddie Yiu, Norman Ritchie Textile Group**

*"The course has given me **opportunities** to see what Graphics Unlimited is capable of, the success we have achieved and also understand what has to be done to achieve business excellence"*

**Christine Williams, Graphics Unlimited**

*"This is an excellent course and I would highly recommend it. Paul is excellent and does a fantastic job as does his support team; I now just have to implement what I have learned"*

**Mark Mackenzie, The Graffiti Eaters**

*"Publications are well written and concise, I learned a lot at each workshop and came away motivated to act and improve my business. Unfortunately time limited my progress of implementation. However, I will get it done over the next six months. Industry tours are 'Gold' they are extremely valuable"*

**Mark Mackenzie, The Graffiti Eaters**

*"NIETL/NORTH Link to continue to provide assistance by providing the forum for networking sessions to keep up to date with current business trends"*

**Donna Hughes, Carter Holt Harvey - Experko**

*"I have come away with some invaluable insights into areas I had not previously considered. In regards to marketing strategies, business activity plans, etc it was confirmed that what we do is what is currently being suggested. It made my task of providing such documents to Snap Printing so much easier with a few 'New' approaches. The opportunity to talk to other businesses is always a benefit so too is being kept up-to-date as changes in the wider business community"*

**Candida Browne, Snap Printing**

## Program Evaluation: “Activities”

### Workshops

On completion of the Business Excellence Program series each participant was asked to complete a questionnaire that evaluated each of the activities and to provide a rating. An average of responses found every activity as 'Very Helpful' or 'Extremely Helpful', with an average rating of 3.1.

	Not Helpful At All	Some What Helpful	Helpful	Very Helpful	Extremely Helpful	Firms Average Rating
	0	1	2	3	4	
● Introduction and Methodology Publication	0	1	2	3	4	3.0
● The Total Business Excellence Model templates and publication	0	1	2	3	4	3.4
● Management Information System	0	1	2	3	4	3.3
● Marketing Strategies	0	1	2	3	4	3.0
● Leadership culture/empowerment	0	1	2	3	4	3.1
● Capturing the Voice of the Customer “World Class Service”	0	1	2	3	4	2.7
● E-business/e-commerce	0	1	2	3	4	3.0
● Research Innovation and Technology Strategy	0	1	2	3	4	2.6
● A World of Quality Standards	0	1	2	3	4	2.8
● Manufacturing Innovation	0	1	2	3	4	2.6
● Supply-chain and Logistics Management	0	1	2	3	4	2.9
● Managing and Funding Business Growth	0	1	2	3	4	3.1
● Competitive Strategy	0	1	2	3	4	3.2
● Government Support Services and Funding Assistance	0	1	2	3	4	3.4
● Program Summary and Overview	0	1	2	3	4	3.2
● Industry Tours to Leading Edge Companies	0	1	2	3	4	3.4

## Program Evaluation: “Benefits”

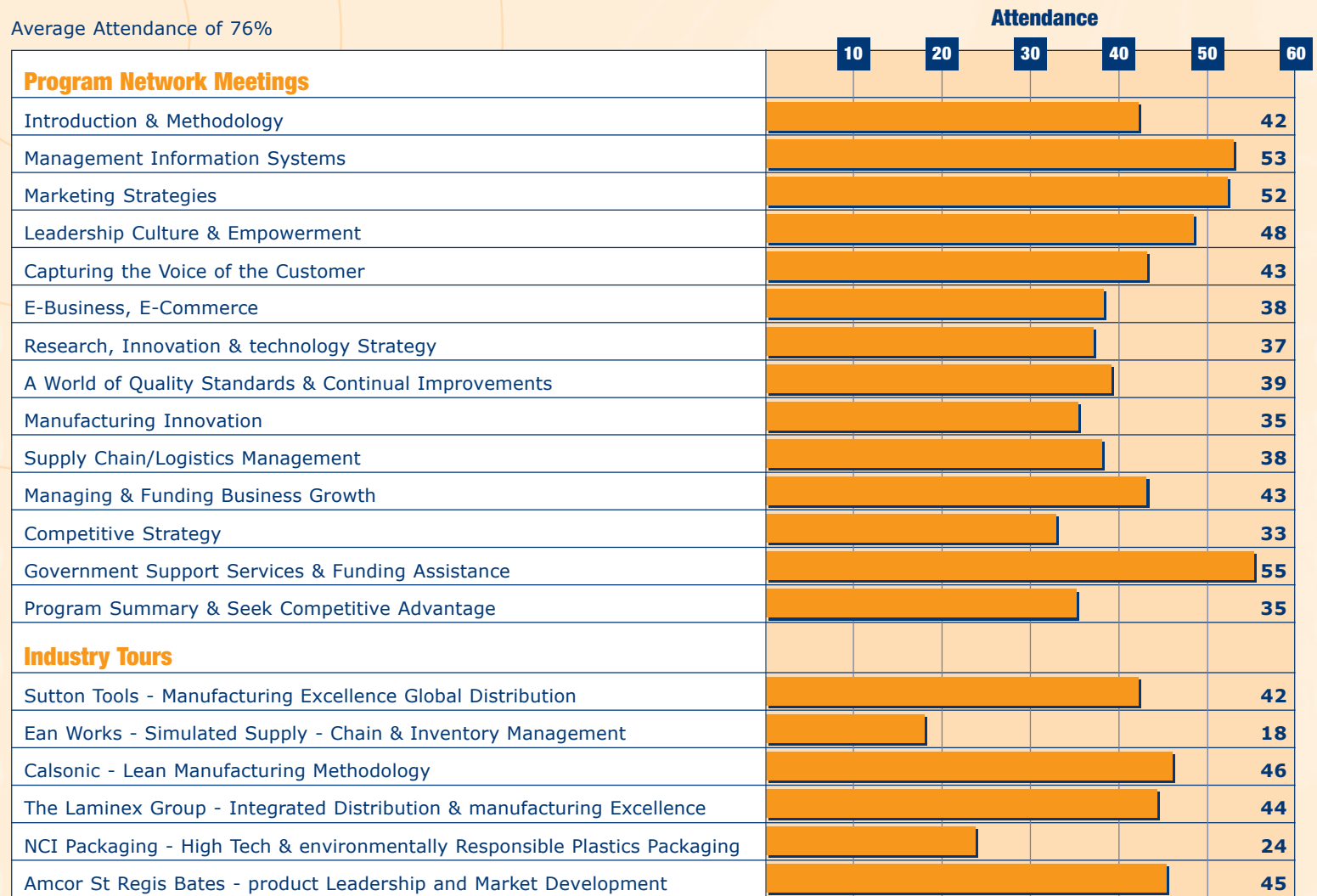
### Company Benefits

On completion of the Business Excellence Program series each participant was asked to complete a questionnaire evaluating the program and its benefits to each company. An average response found that the benefits were very favourable. A rating of ‘Agree’ to ‘Strongly Agree’ an average rating of 3.3

	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree	Firms Average Rating
	0	1	2	3	4	
● I would recommend the business excellence program to other firms for participation	0	1	2	3	4	3.7
● The program met its primary objectives	0	1	2	3	4	3.5
● My firm is now better positioned to implement new performance measures and control	0	1	2	3	4	3.3
● The program created awareness for my firm to be more focused on continuous improvements and innovation	0	1	2	3	4	3.5
● The program changed my firms approach towards business planning, strategic planning and monthly performance review	0	1	2	3	4	3.2
● The program enhanced my firms ability to increase productivity, employee effectiveness and reduction in costs	0	1	2	3	4	2.9
● The program created awareness for my firm to be more focused on effective communication practices through leadership and employee empowerment	0	1	2	3	4	3.2
● The program created opportunities for my firm to make useful business connections	0	1	2	3	4	2.9
● The program created opportunities for my firm to experience companies at the leading edge of excellence	0	1	2	3	4	3.4
● My knowledge of a business excellence culture and the features of a high performing company has been improved	0	1	2	3	4	3.4
● My firm is prepared to act as mentor and role model to small businesses	0	1	2	3	4	3.3
● My firm will participate in an implementation series of six meetings between Apr-Nov 2003	0	1	2	3	4	3.6

## Attendance - Business Excellence Program and Industry Tours

Average Attendance of 76%





## The Critical Steps to Business Excellence

<b>A Business Excellence Culture</b>	
<b>Board/Management Commitment</b>	
<b>Involve all Employees, Customers and Suppliers</b>	
<b>Leadership Culture</b>	Interactive structure, visible, accountable and cross-functional coordination
<b>Vision and Objectives</b>	Detailing the company goals and values, long-term strategies, key characteristics of the business in the future
<b>Sustainable Competitive Advantage</b>	Identify special capabilities that exceeds the competition, maintain a close working relationship with customers and markets
<b>Strategic Assumptions and Measures</b>	Develop a range of key strategies, key performance drivers, assumptions and measurable targets
<b>Key Policies</b>	Develop and promote policies that focus on quality excellence phases, human resources, sales, technology manufacturing innovation, and world class service
<b>Continuous Improvement Objectives</b>	Focus on a wide range of improvement initiatives involving selected employees to propose and examine the factors that influence the business performance
<b>Management Information Systems</b>	Financial and non-financial reporting, controlling costs and KPI's, reviewing internal and external factors
<b>Communication</b>	Become a customer focused company through improved communication, service and better understanding of market needs
<b>Employee Participation, Sharing the Work Load</b>	Promote a positive attitude in the organisation, employee participation by using their skills and knowledge, encourage their input to improvements and change
<b>A Business Excellence Company</b>	Internationally focused and competitive – Exceeding the competition in quality, service and values – Empowered/skilled workforce – zero defects in the process and documentation – highly profitable company

