The Total Business Excellence Model

NORTHLink
Networking for Economic Development

NIETL
"ENTERPRISE NETWORKING"

Melbourne's North
The Best For Business

nacc
Northern Area Consultative Committee

DOTARS
DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES

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Part

A

The Total Business Excellence Model

The Steps to Business Excellence

Business Excellence demands established and precise standards and operating procedures; business policies; realistic business tasks based on objectives in the business plans and strategic plans; methods of measuring performance and the capacity to analyse and implement change and improvements.

World class organisations have the flexibility and capability to respond to sudden changes in market trends, and customer needs. They have all aspects of the business identified and under control at all times with adequate human resources and a skilled workforce. They understand market needs and how their business processes meet these needs. The CEO and the management team spend time in planning, measuring and reviewing the results of departmental and individual outputs. The level of achievement is made known to all and input and suggestions from staff are encouraged. The NIETL/NORTH Link Business Excellence Model provides a methodology, guidance and recommendations on how to introduce a wide range of new initiatives to achieve business excellence. They provide the guidelines and the essential attributes for a world class organisation.

A Business Excellence Essential:

Encourage Employee Participation

Planning and sharing with your staff/employees

Spend 15 minutes with your staff reviewing major work activities and planning for the week ahead. It will be time well spent improving work tasks and fulfilling important company goals for the week. Generate amongst your colleagues a sense of sharing and planning business improvement activities to create team work, individual satisfaction and improved outcomes.

Promote positivity

Encourage a positive attitude in your organisation; develop your peoples cross-functional and multi-functional skills. Provide all employees with the opportunity to participate in company development programs. Let them discover the satisfaction of controlling their own work and their own ideas. Implement weekly team meetings and develop a range of continuous improvement and innovation teams to develop specific projects for improving the business. Suggest one hour meetings weekly for 6-8 weeks and allow the results to be presented at management meetings. Encourage company wide participation.

Part

B

Business Excellence Management Team

Members of the Business Excellence Management Team need to be selected carefully to bring together a group of motivated and skilled individuals who can effect change. Selection criteria includes: technical and functional knowledge; communication skills; team orientation; interest/motivation and project management skills. The size of the management team will be about eight people and the sub-committees about five. It is recommended that team meetings run monthly or more frequently in larger organisations. The teams conduct studies for proposed improvements and examine the factors that influence business performance.

A management team plus eight specialised continuous improvement teams will focus on a wide range of continuous improvement and interaction activities including

Customer Relations

Customer service programs, customer satisfaction surveys, retention, value added analysis, long term relationships, market research, communication and information on new product developments

Employee Development

Leadership, culture, employee empowerment, team building and natural work groups and the maintenance of a skilled workforce

Manufacturing Systems

Lean manufacturing methods, waste reduction, building quality in the production process and understanding the value and supply chain

Quality Assurance

Quality standards, advance planning, cost of quality, statistical methods, process plans and audits

Product Engineering

Research and design innovation, product testing, critical characteristics analysis, product features, performance and identifying cost reductions

Services and Facilities

Health and safety, environmental responsibilities, security, housekeeping and plant and equipment preventative maintenance programs

Administrative Systems

Financial reporting, inventory control and purchasing, order entry and maintenance and general accounting and business planning

Supplier Relationships

Develop supplier quality, supplier selection procedures, delivery performance, cost reductions and the development of strong relationships with suppliers

Business Excellence Management Team

The Business Excellence Management Team, eight Continuous Improvement Teams and the various other teams meet regularly and focus on a wide range of continuous improvement initiatives. They monitor the rate of progress and achievement of company objectives.

Continuous Improvement Teams

Customer Relations Team
- Service
- Satisfaction
- Retention
- Relationships
- Image
- Communication
- Informed
- Visitations

Employee Development Team
- Leadership
- Skills development
- Empowerment
- Team building
- Empathy
- Education
- Informed
- Promotion

Manufacturing Systems Team
- Quality
- Flexibility
- Responsiveness
- Productivity
- Consistency
- Lean production
- Waste reduction
- Cross-functional

Quality Assurance Team
- Accreditation
- Audits
- Advanced planning
- Cost of quality
- Statistical methods
- Problem solving
- Quality systems
- Process planning

Business Excellence Management Team
Leader

_____

Deputy

_____

_____

Product Engineering Team
- Advanced design
- Critical characteristics
- Bills of materials
- Product testing
- Design FMEA's
- Material research
- Product samples
- Design benchmarking

Services and Facilities Team
- Preventative maintenance
- Safety
- Security
- Housekeeping
- Environment
- Floor plan
- Machines up-time
- Material flow

Administrative Systems Team
- Financial reporting
- Inventory control
- Order entry
- Costing
- Purchasing
- MRP system
- Business planning
- Human resources

Supplier Relationships Team
- Partnerships
- Quality
- New technology
- Delivery performance
- Cost reductions
- Investments
- Supply chain
- Frequent deliveries

Teams are committed to achieving Business Excellence and company objectives through planning, strategies and initiatives

- To understand customer needs and improve customer satisfaction
- To improve communication and create a supportive and cooperative environment
- To increase employee development and participation at all levels of the organisation
- To reduce operational and manufacturing costs
- To increase productivity and reduce variations and variability
- To achieve continuous improvement with team work and cooperation
- To maintain a quality system certified to international standards (ie ISO 9000:2000)
- To achieve Six Sigma world class status

Notes

Part

C

The Business Plan

Preparing and Developing a Business Plan

An accurately prepared annual business plan will enable the firm to capitalise on opportunities and minimise the weaknesses and threats to operations. The process commences three months prior to the new financial year. The Management Team analyses and reviews all activities prior to presenting the plan to the Board of Directors for approval. Issues to be reviewed and addressed include

Current Business Position

Undertake a thorough review of where the business is at the moment and identify the measurable features of the business such as

- Sales revenue
- Customers' position
- Potential new sales and markets and exports
- Financial position – debtors, creditors, cash flow, debt levels
- Administration – review accounting systems, web strategy, e-commerce readiness
- Human resource levels, training and education
- Production issues – materials, labour penalty costs, freight, scrap, reworks, repairs and maintenance costs, tooling expenses

Identify capability to adjust costs if sales levels fall against business plan forecasts. Determine business strengths and weaknesses; identify engineering capability; level of quality and whether manufacturing projects are running to plan and the ability to control the timing of expenditures

Sales Revenue

Review sales levels by product groups, customer and market segments and compare them with the past two financial years. Establish whether sales have increased or decreased and identify why the changes have occurred. Review product and customer mix to better understand how to increase prospective new sales and then allow your sales and product engineering departments to focus their attention on achieving these

Market and Market Share

Review existing markets and understand the trends of recent years. Implement actions that focus on customer retention and growth strategies. Conduct a SWOT analysis and benchmark against major competitors

Finance and Administration

Review financial systems to provide information that improves trading results, product and process costs levels and methods of controlling variable costs e.g. materials, payroll, freight, scrap, reworks, repairs and maintenance, tooling and capital expenditures

Production, Logistics and the Supply Chain

Review operational costs and implement productivity improvement programs for lead time reduction, flexibility, inventory reduction and improved forecasting for better, supplier relationships and improved customer service

Human Resources

Analyse skills shortages and implement training and education incentive programs. Establish natural work groups that will be accountable for day-to-day operations

Research and Technology Innovation

Implement a wide range of innovation and continuous improvement programs that focus on design and process improvements to provide real value for customers and a non-price competitive advantage for the business

Executive Summary and Overview of Previous Year

Review previous year key trading statistics, achievements and non-achievements. This information will provide an accurate base and starting position for the incoming trading year business plan

Contents of the Business Plan

The contents should include a summary of all key trading statistics including

- Sales levels and marketing strategy
- Market share projections, market size, competitors and market positioning
- Sales by customer breakdown
- Capital expenditure and tooling
- Product and process innovation
- Performance improvements, productivity and efficiency
- Employee numbers and skills development
- Cost reduction and cost control
- Attention to customer service
- New product development and releases
- Manufacturing and supply chain analysis
- Budget financials e.g. trading statement, balance sheet, cash flows

Make allowances for cost increases, review each products gross profit margin and prioritise those that require attention for improvements. Identify major key performance indicators to measure and control the business on an ongoing review basis. Ensure employees assist in the development of the business plan with participation that will ensure employee ownership and the drive to achieve successful outcomes

Implementation of the Business Plan

Establish business targets and objectives for the trading year ahead and share them with employees so that the forward projections are understood. Allocate tasks and timing measures and establish correct communication channels. Regular meetings will be necessary for ongoing reviews and reports on findings against planned actions

Section 1 - Previous Fiscal Year Overview

1.1 Executive Summary

This will include an overview of sales levels by customer and product models and a detailed explanation of why sales exceeded or did not achieve the plan. Industry and customer trends, market share plus financial and non-financial results will also be provided.

Section 1 - Previous Fiscal Year Overview

1.2 Key Trading Statistics - Schedule C1

$000

	BUSINESS PLAN	FORECAST	ACTUAL	FORECAST VARIANCE
SALES $				
GROSS MARGIN $				
%				
FIXED COSTS $				
%				
PROFIT BEFORE INTEREST $				
%				
INTEREST $				
PROFIT AFTER INTEREST $				
%				
INCOME TAX $				
PROFIT AFTER INT AND TAX $				
%				
INVENTORY				
RAW MATERIALS $				
WORK IN PROGRESS $				
FINISHED GOODS $				
GOODS IN TRANSIT $				
INVENTORY PROVISIONS $				
TOTAL INVENTORY $				
TRADE DEBTORS $				
DAYS OUTSTANDING				
TOTAL PAYROLL $				
PAYROLL % TO SALES %				

Section 1 - Previous Fiscal Year Overview

1.3 Sales and Customer Analysis - Schedule C2

Essential components of this analysis should include

- An overview of sales summary by product groups against business plan and explanations for variances
- A summary of new opportunities, new quotations submitted and predicted sales growth
- Customer visits including new customers introduced and the number of samples submitted
- Marketing and promotions undertaken during the fiscal year under review
- Customer satisfaction assessments and surveys, retentions, lost customers and reasons why
- Market share compared to the competition

Section 2 - Next Financial Year Business Plan

2.1 Underlying Assumptions and Activities

It is necessary to provide a detailed analysis of the assumptions and major activities that underpin the business plan. For example the quality and innovation initiatives that will enhance competitiveness; investments; cost reductions and productivity programs included in the new plan.

This will assist the Board of Directors who must approve the plan, to better understand it and then formulate decisions to adopt or make changes to the plan.

Section 2 - Next Financial Year Business Plan

2.2 Key Annual Statistics - Schedule C3

$000

	PREVIOUS		PLANNED		
	YEAR 2	YEAR 1	YEAR 1	YEAR 2	YEAR 3
NO. OF DAYS					
SALES - DOMESTIC					
- OVERSEAS					
TOTAL SALES					
GROSS MARGIN					
GROSS MARGIN %					
FIXED COSTS **					
FIXED COSTS %					
OTHER (GAINS)/LOSSES					
PROFIT /(LOSS) BEFORE INTEREST					
RETURN ON SALES %					
INTEREST					
INTEREST COVER					
PROFIT/(LOSS) AFTER INTEREST					
RETURN ON SALES %					
INCOME TAX					
PROFIT/(LOSS) AFTER TAX					
RETURN ON SALES %					
INVENTORY *					
DEBTORS *					
PAYROLL ***					
PAYROLL % TO SALES					
AVERAGE No OF EMPLOYEES					
SALES PER EMPLOYEE ($)					

* Balance as at end of year

** All costs below Gross Margin line except Other Gains / (Losses) and Interest

*** Payroll to include all on-costs

Section 2 - Next Financial Year Business Plan

2.3 Key Quarterly Statistics - Schedule C4

$000

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL
NUMBER OF DAYS					
SALES - DOMESTIC					
- OVERSEAS					
TOTAL SALES					
GROSS MARGIN					
QTRLY GROSS MARGIN %					
FIXED COSTS **					
QTRLY FIXED COSTS %					
OTHER (GAINS)/LOSSES					
PROFIT /(LOSS) BEFORE INTEREST					
QTRLY RETURN ON SALES %					
INTEREST					
INTEREST COVER					
PROFIT/(LOSS) AFTER INTEREST					
QTRLY RETURN ON SALES %					
INCOME TAX					
PROFIT/(LOSS) AFTER TAX					
QTRLY RETURN ON SALES %					
INVENTORY *					
DEBTORS *					
PAYROLL ***					
PAYROLL % TO SALES					
AVERAGE No OF EMPLOYEES					
SALES EMPLOYEE DAY ($)					

* Balance as at end of quarter

** All costs below Gross Margin line except Other Gains / (Losses) and Interest

*** Payroll to include all on-costs

Section 2 - Next Financial Year Business Plan

2.4 Key Assumptions and Objectives - Schedule C5

Key assumptions and objectives for the next financial year are important targets to be used as key performance measures and indicators for the business monthly trading overviews

$000

1.0 PROFIT BEFORE INTEREST AND TAX (EBIT) $				
2.0 TOTAL SALES $				
Sales Value per Day $_____	Production Value per Day $_____	Number of Sales Days _____	New Sales Introduction Included in the Total Sales Product 1 _____ $_____ Product 2 _____ $_____ Product 3 _____ $_____ Product 4 _____ $_____	
3.0 EMPLOYMENT				
Total Employee No _____ Average	Direct Employee No _____ Average	Indirect Employee No _____ Average	Total Sales Per Employee Per Year $_____	Direct Employee Factory Efficiency $_____ sales/employee/day
4.0 PAYROLL				
Total Payroll $_____	Direct Payroll $_____	Indirect Payroll $_____	Total Payroll Percentage to Sales _____%	
5.0 QUALITY COSTS				
Scrap $_____ _____% to sales	Customer Returns $_____ _____% to sales	Warranty Costs $_____ _____% to sales	End Line Rejects and Reworks _____% to sales	
6.0 PRODUCTIVITY AND COST REDUCTIONS TOTAL $				
Material Gains $_____	Factory Productivity Gains $_____	Administration Savings $_____	Value Engineering Gains $_____	
7.0 EXCHANGE RATES FACTORED IN BUSINESS PLAN				
USA	Yen	UK		
8.0 CAPITAL INVESTMENT AND EXPENDITURE PLAN $				
9.0 TOOLING EXPENDITURE PLAN FOR NEW TOOLING AND MAINTENANCE $				
10.0 INVENTORY LEVELS				
Total Inventory $_____ Average	Finished Goods $_____ Average			
11.0 TRADE DEBTORS $	**AVERAGE**			
12.0 BANK ACCOUNT $	**AVERAGE**			
13.0 GROSS MARGIN TO SALES $	**% AVERAGE**			
14.0 PRODUCTIVITY COST DOWN OR DISCOUNTING ALLOWED IN BUSINESS PLAN $	**% TO SALES**			

Section 2 - Next Financial Year Business Plan

2.5 Sales and Planned New Product Releases

SALES BREAKDOWN BY PRODUCT GROUPS

- Provide a detailed breakdown of sales and customers in dollars and percentages
- New sales need to be identified with the planned release dates
- Identify each industry sector and position and list the major customers by industry
- Itemise major competitors market share, strengths and weaknesses
- Identify the actions in place to ensure that the sales plan is achieved
- Identify the assumptions and critical factors that underpin achievement of the plan

The schedules on the following pages should be provided as supporting information for sales and planned new product releases.

Section 2 - Next Financial Year Business Plan

2.5 Sales and Planned New Product Releases (continued)

2.5.1 Customer Sales and Units - Schedule C6

$000

MAJOR CUSTOMER(S)	PREVIOUS YEAR 1			BUSINESS PLAN			Analyse and comment on • Competitive advantage • Market size and share • The competition and risks • Special actions
	$	%	UNITS	$	%	UNITS	
1							
2							
3							
4							
5							
6							
Total							

Section 2 - Next Financial Year Business Plan

2.5 Sales and Planned New Product Releases (continued)

2.5.2 Sales Trends and Projections - Schedule C7

Review the past two years trends and project sales over the next three years **$000**

PRODUCT GROUPS	PREVIOUS		PLANNED		
	YEAR 2	YEAR 1	YEAR 1	YEAR 2	YEAR 3
1					
2					
3					
4					
5					
6					
Total					

Section 2 - Next Financial Year Business Plan

2.5 Sales and Planned New Product Releases (continued)

2.5.3 Sales By Product Groups - Schedule C8

$000

MONTHS	NUMBER OF DAYS		PRODUCT GROUPS						TOTAL
			1	2	3	4	5	6	
JUL		$							
		%							
AUG		$							
		%							
SEP		$							
		%							
OCT		$							
		%							
NOV		$							
		%							
DEC		$							
		%							
JAN		$							
		%							
FEB		$							
		%							
MAR		$							
		%							
APR		$							
		%							
MAY		$							
		%							
JUN		$							
		%							
TOTAL		$							
		%							

Section 2 - Next Financial Year Business Plan

2.5 Sales and Planned New Product Releases (continued)

2.5.4 Unit Volumes By Product Groups - Schedule C9

MONTHS	DAYS	PRODUCT GROUPS						TOTAL UNITS
		1	2	3	4	5	6	
JUL								
AUG								
SEP								
OCT								
NOV								
DEC								
JAN								
FEB								
MAR								
APR								
MAY								
JUN								
TOTAL								

Section 2 - Next Financial Year Business Plan

2.5 Sales and Planned New Product Releases (continued)

2.5.5 Sales and New Product Releases - Schedule C10

$000

PRODUCT	APPLICATION	RELEASE DATE	SALES			GROSS MARGIN		DEVELOPMENT COSTS $			CUSTOMER
			YEAR 1	YEAR 2	YEAR 3	%	$	TOOLING CUSTOMER	TOOLING COMPANY	EQUIPMENT INVESTMENT	
TOTAL											

Section 2 - Next Financial Year Business Plan

2.5 Sales and Planned New Product Releases (continued)

2.5.6 Market Size and Share - Schedule C11

$000

COMPANY MARKET SHARE			COMPETITORS		
PRODUCT GROUPS BY CATEGORY	$	UNITS	$	UNITS	SOURCE
A					
TOTAL A					
B					
TOTAL B					
C					
TOTAL C					
D					
TOTAL D					
E					
TOTAL E					
GRAND TOTAL MARKET	$	$	$	$	
SIZE OF SHARE	%	%	%	%	

Summary

- Total Market $_____
- Company Share $_____ _____%
- Local Competitors $_____ _____%
- Imports $_____ _____%

Section 2 - Next Financial Year Business Plan

2.6 Planned Performance Improvements

- Trading Performance Improvement Activities

  Identify areas and efforts that will provide improvements in net income e.g. additional sales with improved base margins; value adding engineering; increased productivity in manufacturing methods; supply chain improvements, quality program etc.
- Continuous Improvements Activities, Cost Savings, Productivity and Efficiency Outcomes

  New sales with improved margins

  Materials buying gains and value adding engineering

  Manufacturing innovations

  Administrative improvements

  Analysis of areas for possible cost increases
- Summarise predicted net income improvements by projects and departments.
  This information will be used to monitor and control the outcome of the plan

The following schedules should be provided for Planned Performance Improvement activities

Section 2 - Next Financial Year Business Plan

2.6 Planned Performance Improvements (continued)

2.6.1 Sales Improvement Projections - Schedule C12

$000

SALES & SAVINGS	PREVIOUS AND BASE YEAR 1	FROM BASE YEAR		
		YEAR 1	YEAR 2	YEAR 3
EXISTING SALES				
EXISTING PRODUCT UPDATES • • • •				
EBIT/Existing Base				
%				
Total Existing Sales				
NEW SALES • • • • •				
Total New Sales				
EBIT ON NEW SALES • Volume based • Base margin improvement				
EBIT improvement (new sales)				
SAVINGS AND INCREASE COSTS • Materials • Labour Productivity • Manufacturing • Administration • Cost penalties				
EBIT improvements				
EBIT Total				
%				
Sales Total				

Section 2 - Next Financial Year Business Plan

2.6 Planned Performance Improvements (continued)

2.6.2 Gross Margin Improvements - Schedule C13

$000

PRODUCT GROUPS	SALES AND GROSS MARGIN %			
	SALES $	GROSS MARGIN		ACTIVITIES TO IMPROVE GROSS MARGIN
		$	%	
1				
2				
3				
4				
5				
6				
Total				

Section 2 - Next Financial Year Business Plan

2.7 Customer Service

The Business Plan should list and explain the major customer service programs to be undertaken e.g. accreditation plans; defect reduction initiatives; increased customer visits; special development programs; on time delivery programs; marketing; promotions and new value adding innovations.

Section 2 - Next Financial Year Business Plan

2.8 Product Development

List and explain major product development and process improvements activities; research programs; value add innovations; product testing; value analysis and value adding engineering programs.

The process will necessitate an evaluation of each customers current situation to assess whether current products will be competitive against future requirements; to remain ahead of the major competition by introducing new products with new technologies and features and to reduce costs through new materials research and labour and process improvements. These activities are time and cost related and therefore need to be critically monitored and controlled through an effective cross-functional team approach. The objective is to extend the product base through improved technology, in order to remain competitive against imports and to increase sales through products that remain internationally competitive.

Section 2 - Next Financial Year Business Plan

2.8 Product Development (continued)

2.8.1 New Product Release Analysis - Schedule C14

$000

CUSTOMER(S)	PROJECT	ANNUAL UNITS	RELEASE PRICE	SALES	GROSS MARGIN	RELEASE AND START DATES	DEVELOPMENT COSTS	TOOLING COSTS	CAPITAL INVESTMENT	STATUS	ACTION	PROJECT LEADERS
			$	$	%		$	$	$			

Section 2 - Next Financial Year Business Plan

2.9 Manufacturing Innovation

The Business Plan should list and explain the manufacturing innovations scheduled for process and layout improvements to increase quality, productivity and to service the capital investment planned.

Plan for a wide range of productivity and process improvement initiatives. There is an ongoing need to review daily process defects and customer concerns. It is recommended that a process engineering team be established to focus attention on eliminating non-value adding waste and the implementation of measures to alleviate the causes through a step by step approach, together with new layouts and employee training programs. Significant improvements in the reduction of waste will be achieved if this approach is adopted.

Factory expenses

- Direct
- Indirect
- Repairs and maintenance
- Utilities

Section 2 - Next Financial Year Business Plan

2.10 Financial Summary

2.10.1 Profit/(Loss) Statement Previous Year Analysis - Schedule C15

$000

	PREVIOUS		PLANNED		
	YEAR 2	YEAR 1	YEAR 1	YEAR 2	YEAR 3
UNITS					
SALES - DOMESTIC					
- OVERSEAS					
TOTAL REVENUE					
MANUFACTURING COST					
DIRECT MATERIAL (STD)					
DIRECT MATERIAL (VAR)					
DIRECT LABOUR (STD)					
DIRECT LABOUR (VAR)					
TOTAL DIRECT COST					
PRIME MARGIN					
FACTORY AND MANUFACTURING OVERHEADS					
FIXED e.g. DEPRECIATION					
VARIABLE e.g. OILS, TOOLS					
SEMI-VARIABLE e.g. ELECTRICITY, REPAIRS AND MAINTENANCE					
TOTAL FACTORY AND MANUFACTURING OVERHEADS					
COST OF PRODUCTION					
GROSS MARGIN					
FIXED EXPENSES					
SELLING EXPENSES					
ADMINISTRATION EXPENSES					
TOTAL FIXED EXP					
PROFIT/(LOSS) BEFORE INT AND TAX					
INTEREST					
PROFIT/(LOSS) BEFORE TAX					
TAXATION					
NET PROFIT /(LOSS)					

Section 2 - Next Financial Year Business Plan

2.10 Financial Summary (continued)

2.10.2 Profit/(Loss) Statement by Month - Schedule C16

$000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
UNITS													
SALES - DOMESTIC													
- OVERSEAS													
TOTAL REVENUE													
MANUFACTURING COST													
DIRECT MATERIAL (STD)													
DIRECT MATERIAL (VAR)													
DIRECT LABOUR (STD)													
DIRECT LABOUR (VAR)													
TOTAL DIRECT COST													
PRIME MARGIN													
FACTORY AND MANUFACTURING OVERHEADS													
FIXED e.g. DEPRECIATION													
VARIABLE e.g. OILS, TOOLS													
SEMI-VARIABLE e.g. ELECTRICITY, REPAIRS AND MAINTENANCE													
TOTAL FACTORY AND MANUFACTURING OVERHEADS													
COST OF PRODUCTION													
GROSS MARGIN													
FIXED EXPENSES													
SELLING EXPENSES													
ADMINISTRATION EXPENSES													
TOTAL FIXED EXP													
PROFIT/(LOSS) BEFORE INT AND TAX													
INTEREST													
PROFIT/(LOSS) BEFORE TAX													
TAXATION													
NET PROFIT /(LOSS)													

Section 2 - Next Financial Year Business Plan

2.10 Financial Summary (continued)

2.10.3 Profit/(Loss) Statement by Product - Schedule C17

$000

	REVIEW PRODUCT BY CATEGORIES												
	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
UNITS													
SALES - DOMESTIC													
- OVERSEAS													
TOTAL REVENUE													
MANUFACTURING COST													
DIRECT MATERIAL (STD)													
DIRECT MATERIAL (VAR)													
DIRECT LABOUR (STD)													
DIRECT LABOUR (VAR)													
TOTAL DIRECT COST													
PRIME MARGIN													
FACTORY AND MANUFACTURING OVERHEADS													
FIXED e.g. DEPRECIATION													
VARIABLE e.g. OILS, TOOLS													
SEMI-VARIABLE e.g. ELECTRICITY, REPAIRS AND MAINTENANCE													
TOTAL FACTORY AND MANUFACTURING OVERHEADS													
COST OF PRODUCTION													
GROSS MARGIN													
FIXED EXPENSES													
SELLING EXPENSES													
ADMINISTRATION EXPENSES													
TOTAL FIXED EXP													
PROFIT/(LOSS) BEFORE INT AND TAX													
INTEREST													
PROFIT/(LOSS) BEFORE TAX													
TAXATION													
NET PROFIT /(LOSS)													

Product Analysis

Individual products or product groups are analysed and evaluated for profitability levels through an accurate allocations of costs. Based on this analysis continuous improvement activities need to commence on the various processes for instance:

- Cost reductions and value added initiatives
- Productivity gains from labour; material; production sequence and supply-chain management
- Quality cost reduction from scrap; rework and defect analysis
- Value engineering and value analysis

Section 2 - Next Financial Year Business Plan

2.10 Financial Summary (continued)

2.10.4 Profit/(Loss) Statement Best and Worst Analysis - Schedule C18

- From past years select the best and worst trading results within the past eight years for comparison with
- Immediate past completed year and the upcoming
- Next trading year as forecast

The analysis will highlight the favourable and un-favourable movements that have occurred in each individual trading year and also identify the effects in trading caused by internal or external causes.

$000

	PROFIT/(LOSS) ANALYSIS							
	BEST TRADING YEAR		WORST TRADING YEAR		IMMEDIATE PAST YEAR		NEXT FORECAST YEAR	
	$	%	$	%	$	%	$	%
UNITS								
SALES - DOMESTIC								
- OVERSEAS								
TOTAL REVENUE								
MANUFACTURING COST								
DIRECT MATERIAL (STD)								
DIRECT MATERIAL (VAR)								
DIRECT LABOUR (STD)								
DIRECT LABOUR (VAR)								
TOTAL DIRECT COST								
PRIME MARGIN								
FACTORY AND MANUFACTURING OVERHEADS								
FIXED e.g. DEPRECIATION								
VARIABLE e.g. OILS, TOOLS								
SEMI-VARIABLE e.g. ELECTRICITY, REPAIRS AND MAINTENANCE								
TOTAL FACTORY AND MANUFACTURING OVERHEADS								
COST OF PRODUCTION								
GROSS MARGIN								

Schedule C18 (continued)

$000

	PROFIT/(LOSS) ANALYSIS							
	BEST TRADING YEAR		WORST TRADING YEAR		IMMEDIATE PAST YEAR		NEXT FORECAST YEAR	
	$	%	$	%	$	%	$	%
FIXED EXPENSES								
SELLING EXPENSES								
ADMINISTRATION EXPENSES								
TOTAL FIXED EXP								
PROFIT/(LOSS) BEFORE INT AND TAX								
INTEREST								
PROFIT/(LOSS) BEFORE TAX								
TAXATION								
NET PROFIT /(LOSS)								
FIVE PRIME REASONS AND CAUSES	1		1		1		1	
	2		2		2		2	
	3		3		3		3	
	4		4		4		4	
	5		5		5		5	

Section 2 - Next Financial Year Business Plan

2.10 Financial Summary (continued)

2.10.5 Balance Sheet - Schedule C19

$000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL
SHAREHOLDERS FUNDS & RESERVES													
CAPITAL													
UNAPPROPRIATED PROFITS													
PROFIT/(LOSS) CURRENT YEAR													
GENERAL RESERVES													
FUNDS INVESTED													
REPRESENTED BY CURRENT ASSETS													
TRADE DEBTORS													
BILLS RECEIVABLE													
PROVISION FOR DOUBTFUL DEBTS													
OTHER DEBTORS													
CASH IN HAND													
INVENTORY													
UNSOLD INVENTORY ADJUSTMENT													
LOANS													
OTHER ASSETS													
TOTAL CURRENT ASSETS													
CURRENT LIABILITIES													
BANK OVERDRAFT													
SECURED BORROWINGS													
UNSECURED BORROWINGS													
LEASE LIABILITY													
TRADE CREDITORS													
OTHER ACCRUED LIABILITIES													
SECURED CREDITORS													
PROVISION FOR INCOME TAX													
PROVISION FOR SICK AND HOLIDAY LEAVE													
PROVISION FOR DIVIDEND													
BANK ACCOUNT TOTALS													
DEFERRED INCOME													
TOTAL CURRENT LIABILITIES													
WORKING CAPITAL													

Section 2 - Next Financial Year Business Plan

2.10 Financial Summary (continued)

2.10.5 Balance Sheet - Schedule C19

$000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL
INVESTMENTS													
INVESTMENTS TOTAL													
FIXED ASSETS													
LAND & BUILDINGS													
PROVISION FOR DEPRECIATION													
PLANT AND EQUIPMENT AT COST													
PROVISION FOR DEPRECIATION													
NET BOOK VALUE													
TOOLING AT COST													
TOOLING AMORTISATION													
NET BOOK VALUE													
TOTAL FIXED ASSETS													
NON CURRENT ASSETS													
SECURED LOANS													
OTHER RECEIVABLES													
FUTURE INCOME TAX BENEFIT													
CONTINGENCY PROVISION													
GOODWILL													
TOTAL NON CURRENT ASSETS													
LONG TERM LIABILITIES													
SECURED LOANS													
UNSECURED LOANS													
SECURED CREDITORS													
LEASE LIABILITY													
EXCHANGE RATE VARIATIONS													
PROVISION FOR SICK AND LONG SERVICE LEAVE													
PROVISION FOR INCOME TAX													
TOTAL LONG TERM LIABILITIES													
DEFERRED ASSETS													
DEFERRED ASSETS													
NET ASSETS													

Section 2 - Next Financial Year Business Plan

2.10 Financial Summary (continued)

2.10.6 Cash Flow - Schedule C20

$000

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
INFLOW													
BALANCE CARRIED FORWARD													
SALES													
DEBTORS													
EXPORT CREDITS													
INTEREST INCOME													
TOOLING RECOVERY													
STOCK													
DIVIDEND													
TOTAL INFLOW													
OUTFLOW													
MATERIAL													
DIRECT LABOUR													
BONUS													
OVERHEAD													
ROYALTIES													
INDIRECT LABOUR													
ADMINISTRATION EXPENSES													
DIVIDEND													
CAPITAL EXPENDITURE													
CREDITORS													
PAYROLL ONCOSTS													
GENERAL INSURANCE													
TOOLING COST													
INTEREST													
GRANT													
RENT													
TAXATION													
LEASE AND HIRE PURCHASE													
LETTERS OF CREDIT													
TOTAL OUTFLOW													
SURPLUS / (DEFICIT)													
ORIGINAL BUDGET													
ACTUAL VS BUDGET													

Section 2 - Next Financial Year Business Plan

2.10 Financial Summary (continued)

2.10.7 Capital Expenditure - Schedule C21

$000

DESCRIPTION	EXP B/FWD	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	TOTAL
TOTAL CAPITAL EXPENDITURE															
PAYMENTS															
LOCAL															
OVERSEAS															
TOTAL															

Section 2 - Next Financial Year Business Plan

2.10 Financial Summary (continued)

2.10.6 Tooling Expenditure - Schedule C22

$000

DESCRIPTION	EXP B/FWD	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	TOTAL
INTERNAL															
EXTERNAL															
TOTAL TOOLING															
RECOVERIES															
TOTAL RECOVERIES															
NET TOOLING															
MONTHLY AMORTISATION															
AMORTISATION YTD															
RECEIPTS															
PAYMENTS															

Section 2 - Next Financial Year Business Plan

2.10 Financial Summary (continued)

2.10.9 Employment Levels - Schedule C23

$000

	PREVIOUS ACTUAL				PLANNED					
	YEAR 2		YEAR 1		YEAR 1		YEAR 2		YEAR 3	
	NUMBER	$	NUMBER	$	NUMBER	$	NUMBER	$	NUMBER	$
FACTORY - DIRECT										
- INDIRECT										
TOTAL FACTORY										
MANUFACTURING SUPPORT										
• STORES										
• QUALITY ASSURANCE										
• MATERIALS MGT										
• PRODUCT ENGINEERING										
• PRODUCTION ENGINEERING										
• PRODUCTION PLANNING										
• MAINTENANCE										
• OTHER										
TOTAL MANUFACTURING SUPPORT										
TOTAL COSTS OF PRODUCTION										
SELLING										
ADMINISTRATION										
TOTAL SELLING AND ADMINISTRATION										
TOTAL PAYROLL										
TOTAL SALES										
SALES PER EMPLOYEE PER YEAR										
PAYROLL % TO SALES										

Section 3 - New Business Development

Explain new business developments in the Business Plan. If there is a new export market planned, the International Marketing Strategy should be explained including the various options available for overseas trading including

- Exporting – Direct, Indirect and Cooperative
- Licensing
- Franchising
- Contract Manufacturing
- Joint Ventures
- Wholly Owned Subsidiary
- Cross-Border Strategic Alliances
- Internet

Expanding Markets

New business expansion into both the domestic and international markets demonstrates confidence from management in their ability to compete in larger markets. It is important, however, to undertake an analysis or assessment of the market(s) including product expectations, financial outlay and risks, customer ability to pay and the strength of the competition. New markets can be time and cost consuming and require a long term commitment from the company plus acceptance that the process is a complex and demanding field. There are many areas that offer opportunities for expansion including

- Into current markets with current products
- Into current markets with new products
- Into new markets with current products
- Into new markets with new products

Section 4 - Special Expansions

Special expansions normally involve large capital investments and may represent a major shift in the way the business is conducted

Product Design Rationalisation and Commonisation

Globalisation, together with an estimated 40% excess in world wide manufacturing capacity is creating fierce competition, driving product prices down and reducing net income. To remain competitive, business with the support of the customer, can apply its efforts to implementing product and process rationalisation and commonisation. The changes can provide many benefits including increased labour productivity; better floor space utilisation; reduced unit costs through common processes and sub-assemblies; cheaper and smaller areas for storage; preventative maintenance and cost reduction for materials with better economies of scale. These savings will result in a reduction in and a higher return on the investment made.

Site Relocation

Relocating the business to a new site can provide many benefits and opportunities to streamline operations and achieve productivity and efficiency benefits in the order of 25-30%. This is achieved through a more effective supply chain and flow through plan. Additional benefits will include improved company image and an increase in employee morale.

Notes

Part D

The Monthly Performance Review

It is essential that the business plan is monitored monthly against the planned key objectives and achievements. Where unfavourable movements are identified, corrective actions can be implemented. Monthly reports also showing trends will also be provided to major departments to assist in developing appropriate corrective strategies and actions.

Executive Summary

The executive summary should provide a detailed explanation of achievements and outcomes against the monthly business plan both financial and non-financial. Project status, productivity levels, inventory trends, customer and industry issues affecting the business are all analysed and presented for decision making by the Senior Management Team and Continuous Improvement Teams.

Information on the outlook for future months and potential new opportunities is also a critical component of the Executive Summary.

Comparison of actual monthly results against key objectives, assumptions and achievements is essential for comparison against monthly planned activities.

Where unfavourable variance occurs, the actions necessary to get business back ontrack can be identified and implemented.

Monthly reports identifying trends will be used to enlist support from appropriate departments to assist in the implementation of corrective actions and measures.

Key Assumptions and Objectives - Schedule D24

The key assumptions in the Annual Business Plan are important targets to be met for a successful trading year. The monthly results need to be critically reviewed against the plan and if unfavourable deviations are identified, then corrective actions need to be implemented for trading results to stay on course.

$000

1.0 PROFIT BEFORE INTEREST AND TAX (EBIT) $				
2.0 TOTAL SALES $				
Sales Value per Day $_____	Production Value per Day $_____	Number of Sales Days _____	New Sales Included in Total Sales Product 1 _____ $_____ Product 2 _____ $_____ Product 3 _____ $_____ Product 4 _____ $_____	
3.0 EMPLOYMENT				
Total Employees _____ Average	Direct Employees _____ Average	Indirect Employees _____ Average	Total Sales Per Employee Per Year $_____	Direct Employee Factory Efficiency $_____ sales/employee/day
4.0 PAYROLL				
Total Payroll $_____	Direct Payroll $_____	Indirect Payroll $_____	Total Payroll to Sales _____%	
5.0 QUALITY COSTS				
Scrap $_____ _____% to sales	Customer Plans Returns $_____ _____% to sales	Warranty Costs $_____ _____% to sales	End Line Rejects/Reworks _____% to sales	
6.0 PRODUCTIVITY AND COST REDUCTIONS TOTAL $				
Material Gains $_____	Factory Productivity Gains $_____	Administration Savings $_____	Value Engineering Gains $_____	
7.0 EXCHANGE RATES FACTORED INTO BUSINESS PLAN				
USA:	Yen:	UK:		
8.0 CAPITAL INVESTMENT AND EXPENDITURE PLAN $				
9.0 TOOLING EXPENDITURE PLAN FOR NEW TOOLING AND MAINTENANCE $				
10.0 INVENTORY LEVELS				
Total Inventory $_____ Average	Finished Goods $_____ Average			
11.0 TRADE DEBTORS $	**AVERAGE**			
12.0 BANK ACCOUNT $	**AVERAGE**			
13.0 GROSS MARGIN TO SALES $	,	**% AVERAGE**		
14.0 PRODUCTIVITY COST DOWN OR DISCOUNTING ALLOWED IN BUSINESS PLAN $	,	**% TO SALES**		

Key Monthly Statistics - Schedule D25

$000

		MONTHLY				YEAR TO DATE		
		BUDGET	FORECAST	ACTUAL	VARIANCE TO FORECAST	BUDGET	ACTUAL	VARIANCE TO BUDGET
SALES	$							
GROSS MARGIN	$							
	%							
FIXED COSTS	$							
PER DAY	$							
	%							
PROFIT BEFORE INTEREST	$							
	%							
INTEREST	$							
PROFIT AFTER INTEREST	$							
	%							
INCOME TAX	$							
PROFIT AFTER INT AND TAX	$							
	%							
INVENTORY								
RAW MATERIALS	$							
WORK IN PROGRESS	$							
FINISHED GOODS	$							
GOODS IN TRANSIT	$							
INVENTORY PROVISIONS	$							
TOTAL	**$**							
TRADE DEBTORS	$							
DAYS OUTSTANDNG								
PAYROLL	%							
PAYROLL	$							
BANK BALANCE	$							

Profit/(Loss) Statement by Month - Schedule D26

MONTHLY ACTUAL, FORECAST AND TOTAL YEAR **$000**

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
UNITS													
SALES - DOMESTIC													
- OVERSEAS													
TOTAL REVENUE													
MANUFACTURING COST													
DIRECT MATERIAL (STD)													
DIRECT MATERIAL (VAR)													
DIRECT LABOUR (STD)													
DIRECT LABOUR (VAR)													
TOTAL DIRECT COST													
PRIME MARGIN													
FACTORY AND MANUFACTURING OVERHEADS													
FIXED e.g. DEPRECIATION													
VARIABLE e.g. OILS, TOOLS													
SEMI-VARIABLE e.g. ELECTRICITY, REPAIRS AND MAINTENANCE													
TOTAL FACTORY AND MANUFACTURING OVERHEADS													
COST OF PRODUCTION													
GROSS MARGIN													
FIXED EXPENSES													
SELLING EXPENSES													
ADMINISTRATION EXPENSES													
TOTAL FIXED EXP													
PROFIT/(LOSS) BEFORE INT AND TAX													
INTEREST													
PROFIT/(LOSS) BEFORE TAX													
TAXATION													
NET PROFIT /(LOSS)													

Profit/(Loss) Statement by Product - Schedule D27

$000

	PRODUCT BY CATEGORIES												
	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
UNITS													
SALES - DOMESTIC													
- OVERSEAS													
TOTAL REVENUE													
MANUFACTURING COST													
DIRECT MATERIAL (STD)													
DIRECT MATERIAL (VAR)													
DIRECT LABOUR (STD)													
DIRECT LABOUR (VAR)													
TOTAL DIRECT COST													
PRIME MARGIN													
FACTORY AND MANUFACTURING OVERHEADS													
FIXED e.g. DEPRECIATION													
VARIABLE e.g. OILS, TOOLS													
SEMI-VARIABLE e.g. ELECTRICITY, REPAIRS AND MAINTENANCE													
TOTAL FACTORY AND MANUFACTURING OVERHEADS													
COST OF PRODUCTION													
GROSS MARGIN													
FIXED EXPENSES													
SELLING EXPENSES													
ADMINISTRATION EXPENSES													
TOTAL FIXED EXP													
PROFIT/(LOSS) BEFORE INT AND TAX													
INTEREST													
PROFIT/(LOSS) BEFORE TAX													
TAXATION													
NET PROFIT /(LOSS)													

Product Analysis

Individual products and product groups are analysed and evaluated for profitability through accurate allocations of costs. Based on this analysis, a series of continuous improvement activities need to be commenced to improve productivity and competitiveness e.g.

- Cost reductions and value added initiatives
- Analysis of labour costs; materials; production sequences and supply-chain management
- Analysis of quality costs including scrap; reworks and defects analysis
- Value analysis and process re-engineering

Sales By Product Groups - Schedule D28

$000s

MONTHS		JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		TOTAL	
DAYS																											
PRODUCT GROUPS		$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%
1	PLAN																										
	FORECAST																										
	ACTUAL																										
2	PLAN																										
	FORECAST																										
	ACTUAL																										
3	PLAN																										
	FORECAST																										
	ACTUAL																										
4	PLAN																										
	FORECAST																										
	ACTUAL																										
5	PLAN																										
	FORECAST																										
	ACTUAL																										
6	PLAN																										
	FORECAST																										
	ACTUAL																										
TOTAL	PLAN																										
	FORECAST																										
	ACTUAL																										

Monthly Financial Summary

- Balance sheet
- Cash flow
- Inventory and bank balances
- Capital investment
- Tooling investment
- Debtors
- Employee levels and movements

Monthly Trading Analysis - Schedule D29

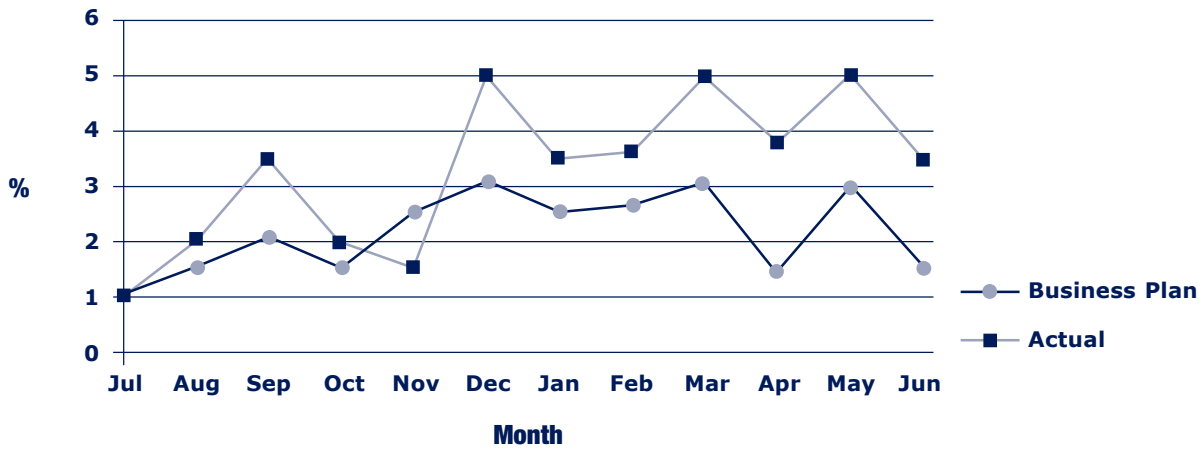
MONTH: _____ **$000s**

		MONTH															
		JUL	AUG	SEP	YTD	OCT	NOV	DEC	YTD	JAN	FEB	MAR	YTD	APR	MAY	JUN	YTD
SALES	BUDGET																
	FORECAST																
	ACTUAL																
INVENTORY	BUDGET																
	FORECAST																
	ACTUAL																
PROFIT BEFORE INTEREST (EBIT)	BUDGET																
	FORECAST																
	ACTUAL																
BANK ACCOUNTS	BUDGET																
	FORECAST																
	ACTUAL																
PROFIT AFTER INT. & TAX	BUDGET																
	FORECAST																
	ACTUAL																
EMPLOYEE NUMBERS	BUDGET																
	FORECAST																
	ACTUAL																

Graphs, Charts and Trends

- Return on sales
- Return on assets employed
- Sales per employee
- Inventory
- Bank accounts
- Working capital
- Trade debtors
- Days billing (average) outstanding
- 61 days outstanding

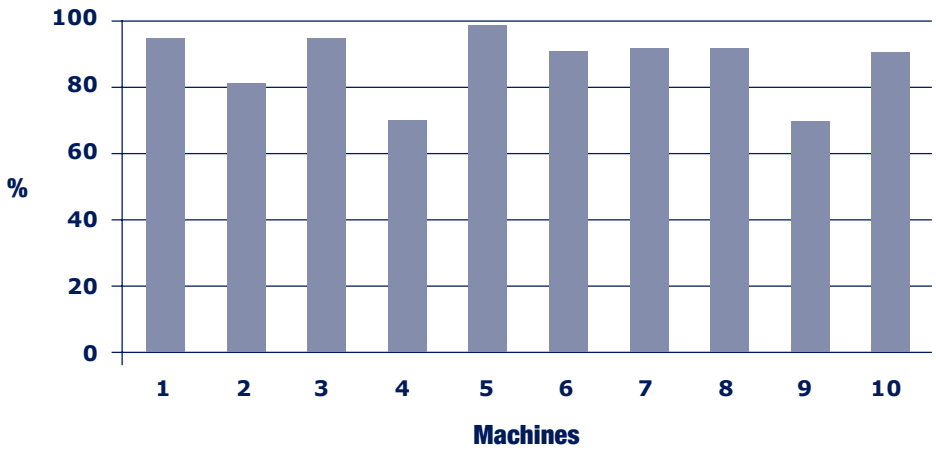
Example: Return on Sales



Departmental Report - Words and Charts/Graphs

- Machine up-time
- Customer visits
- % of sales orders achieved against forecast
- Line stopped time
- Equipment down-time
- Supplier delivery performance
- Customer order backlog value
- Inventory turns
- Excess freight
- Customer delivery performance
- Stock turns by component groups
- Inventory by group
- Engineering cost of development
- Quality trends
  - Scrap
  - Customer returns
  - Warranty
  - End line reject
  - Supplier quality ratings
- Employee numbers
- Worked hours and absenteeism
- Labour turnover
- Overtime % of total
- Injury rate

Example: Major Machine Up-Time, Department A



Key Performance Indicators

Quarterly Performance Summary - Schedule D30

Executive Report

Quarterly summary of key performance indicators and actions

Brief Statement of Achievements

The CEO provides a summary of major achievements and outcomes against the planned objectives both financial and non-financial, together with the industry trends likely to affect future trading results, future outlook and potential new business.

CEO Key Performance Indicators and Objectives

Key assumptions in the Annual Business Plan are also the important targets that must be met for a successful trading year. The monthly results need to be critically reviewed against planned and if negative deviations are identified then corrective actions need to be implemented for financial results to remain on course.

KEY ASSUMPTIONS AND OBJECTIVES			
PLANNED		**ACTUAL**	**ACTION**
1.0 EBIT			
1st Quarter $_____ _____%		$_____ _____%	
2nd Quarter $_____ _____%		$_____ _____%	
3rd Quarter $_____ _____%		$_____ _____%	
4th Quarter $_____ _____%		$_____ _____%	
2.0 SALES			
1st Quarter $_____		$_____	
2nd Quarter $_____		$_____	
3rd Quarter $_____		$_____	
4th Quarter $_____		$_____	
3.0 NEW SALES		Progress Status	
1._____	$_____		
2._____	$_____		
3._____	$_____		
4._____	$_____		
5._____	$_____		
4.0 EMPLOYMENT			
	Number	Dollars	
Total	_____	$_____	_____
Direct	_____	$_____	_____
Indirect	_____	$_____	_____
Total sales per employee per year		$_____	$_____

KEY ASSUMPTIONS AND OBJECTIVES		
PLANNED	**ACTUAL**	**ACTION**
5.0 PAYROLL		
Total Payroll $_____ Direct $_____ Indirect $_____ Total Payroll To Sales _____%	$_____ $_____ $_____ _____%	
6.0 QUALITY COSTS		
Scrap _____% to sales Customer returns_____ % to sales Warranty costs _____% to sales End line rejects/reworks_____% to sales	_____% _____% _____% _____%	
7.0 COST REDUCTIONS AND PRODUCTIVITY		
Material gains $_____ Factory production gains $_____ Administrative savings $_____ Additional profits from new sales introduction $_____	$_____ YTD $_____ YTD $_____ YTD $_____ YTD	
8.0 MOVEMENTS IN EXCHANGE RATES		
Current Beginning USA _____ _____ Yen _____ _____ UK _____ _____ Affect on Trading YTD $_____	$_____	
9.0 CAPITAL INVESTMENT		
$_____	$_____ YTD	
10.0 TOOLING COSTS		
$_____	$_____ YTD	
11.0 INVENTORY LEVELS		
Total $_____ Finished Goods $_____	$_____ $_____	
12.0 DEBTORS		
$_____	$_____	
13.0 BANK ACCOUNT		
$_____	$_____	
14.0 GROSS MARGIN % TO SALES		
1st Quarter: $_____ _____% 2nd Quarter: $_____ _____% 3rd Quarter: $_____ _____% 4th Quarter: $_____ _____%	$_____ _____% $_____ _____% $_____ _____% $_____ _____%	

Notes

Part

E

The Five Year Strategic Plan

A Five Year Strategic Plan based on analysis and review of expected future activities and the business requirements necessary to fulfill the plan is essential. A sales and marketing plan is a critical component of the Five Year Strategic Plan. Identifying the basis for growth; the critical success factors to achieve these and the ability to meet changing market and customer trends and requirements by

- Identifying a range of key objectives and assumptions as part of The Vision
- Introducing methods for measuring the assumptions, timing and responsibilities
- Developing a Mission Statement and competitive advantage statements to identify how to maintain the advantage
- Developing strategic business needs e.g. sales, profitability, quality, skills development, innovation in products and processes productivity measures, delivery performance and cash flows

These are the key components of the Five Year Strategic Plan and have the important psychological impact of demonstrating to all stakeholders, internal and external, that the company plans to be in business long-term.

Our Vision - Schedule E31

VISION STATEMENT
To be internationally focused and recognised as a world class company in the field of...
VISION OBJECTIVES
VALUES
PROFITS
PEOPLE
PRODUCTS
CUSTOMERS AND MARKETS
SALES DOMESTIC
EXPORT ACTIVITIES
WORLD BEST PRACTICE

Develop the company long term Vision Statement, identify the values and major objectives to target performance improvement measures and develop strategies to capture the opportunities identified.

Our Vision - Schedule E31 (continued)

MANUFACTURING, QUALITY, RESEARCH AND DEVELOPMENT
• Quality ratings and accreditation • Customer warranty • Final product line test • Technical resources • Flexible manufacturing • Relationships with suppliers and contractors
INTERNATIONAL RELATIONSHIP
• Current • Expand • Benchmarking arrangements • Technical agreements • Manufacturing agreements

Our Mission Statement - Schedule E32

MISSION STATEMENT
The company is committed to developing and supplying superior products and services.....

Our Sustainable Competitive Advantage - Schedule E33

SUSTAINABLE COMPETITIVE ADVANTAGE
COMPANY STATEMENT
AS MEASURED BY

Our Basis For Growth - Schedule E34

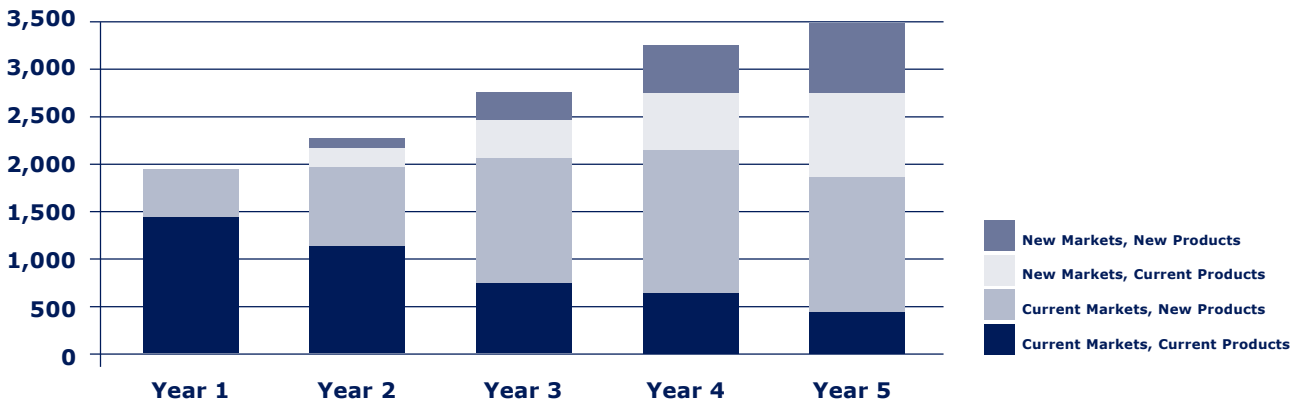
KEY SALES TRENDS	CRITICAL FACTORS FOR ACHIEVING OBJECTIVES
SALES PLANS **YEAR ONE** $_____ **YEAR TWO** $_____ **YEAR THREE** $_____ **YEAR FOUR** $_____ **YEAR FIVE** $_____	It is necessary to develop a series of strategic assumptions and critical factors for the achievement of the sales plan

Our Basis For Growth (continued) - Schedule E35

$000

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT MARKETS, CURRENT PRODUCTS					
$					
CURRENT MARKETS, NEW PRODUCTS					
$					
NEW MARKETS, CURRENT PRODUCTS					
$					
NEW MARKETS, NEW PRODUCTS					
$					
TOTAL PROJECTED SALES					
$					

Example



Our Strategic Assumptions

Summary of Major Activities - Schedule E36

INDUSTRY AND CUSTOMER TRENDS AND OUTLOOK
PRODUCT EXPANSIONS AND INNOVATION
EXPORT EXPANSIONS AND NEW MARKETS
DIVERSIFICATION PROGRAMS MARKETS AND PRODUCTS

Our Strategic Assumptions (continued)

Analysis and Measurement of Strategic Assumptions - Schedule E37

ASSUMPTIONS	ANALYSIS AND MEASUREMENT
• Sales growth • Profitability • R & D strategy • Technology strategy • Manufacturing innovation • Quality ratings and accreditation • Skilled workforce, training • Capital investments • Cash flow • Supplier support • Inventory control • Reduction in waste • Preventative maintenance	For each assumption and objective, targets and measures need to identified. These become the targets for improvement and achievement of peak performance

Our Strategic Assumptions (continued)

Product Sales By Groups - Schedule E38

$000

PRODUCT GROUPS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TOTAL					

Our Strategic Assumptions (continued)

Product Sales, Quantities and Selling Prices - Schedule E39

$000

PRODUCTS	YEAR 1			YEAR 2			YEAR 3			YEAR 4			YEAR 5		
	QUANTITY	PRICE	AMOUNT	QUANTITY	PRICE	AMOUNT	QUANTITY	PRICE	AMOUNT	QUANTITY	PRICE	AMOUNT	QUANTITY	PRICE $	AMOUNT
TOTAL															

Analysis of Strengths and Weaknesses - Schedule E40

STRENGTHS
WEAKNESSES
OPPORTUNITIES
THREATS

New Product Release Program - Schedule E41

$000

- Release dates
- R & D Costs (including testing)
- Tooling costs
- Capital investments

Describe proposed new product developments; new markets; opportunities for diversification and the new investment required to support business expansion

Marketing and Benchmarking Program (Including Exports) - Schedule E42

$000

SPECIAL ACTIVITIES	COST
MARKET SURVEY	
OVERSEAS TRAVEL	
BENCHMARKING	

Capital Expenditure and Acquisitions - Schedule E43

Describe briefly the areas that capital expenditure will be directed into
e.g. new acquisitions, plant and equipment, computers etc.

$000

INVESTMENTS	YEAR				
PROPOSED CAPITAL EXPENDITURE	1	2	3	4	5
TOTAL $					
% OF SALES					

Five Year Financial Summary

Financial Overview - Schedule E44

$000

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TRADING					
SALES					
PROFIT BEFORE INTEREST					
INTEREST					
PROFIT AFTER INTEREST					
% OF SALES					
TAX					
PROFIT AFTER TAX					
BALANCE SHEET					
CURRENT ASSETS					
NON CURRENT ASSETS					
TOTAL ASSETS					
CURRENT LIABILITIES					
NON CURRENT LIABILITIES					
TOTAL LIABILITIES					
NET ASSETS					
CASH FLOW					

Five Year Financial Summary (continued)

Balance Sheet - Schedule E45

$000

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
SHAREHOLDERS FUNDS AND RESERVES					
CAPITAL					
UNAPPROPRIATED PROFITS					
PROFIT/(LOSS) CURRENT YEAR					
GENERAL RESERVES					
FUNDS INVESTED					
REPRESENTED BY CURRENT ASSETS					
TRADE DEBTORS					
BILLS RECEIVABLE					
PROVISION FOR DOUBTFUL DEBTS					
OTHER DEBTORS					
CASH IN HAND					
INVENTORY					
UNSOLD INVENTORY ADJUSTMENT					
LOANS					
OTHER					
TOTAL CURRENT ASSETS					
CURRENT LIABILITIES					
BANK OVERDRAFT					
SECURED BORROWINGS					
UNSECURED BORROWINGS					
LEASE LIABILITY					
TRADE CREDITORS					
OTHER ACCRUED LIABILITIES					
SECURED CREDITORS					
PROVISION FOR INCOME TAX					
PROVISION FOR SICK AND HOLIDAY LEAVE					
PROVISION FOR DIVIDEND					
DEFERRED INCOME					
TOTAL CURRENT LIABILITIES					
WORKING CAPITAL					

Five Year Financial Summary (continued)

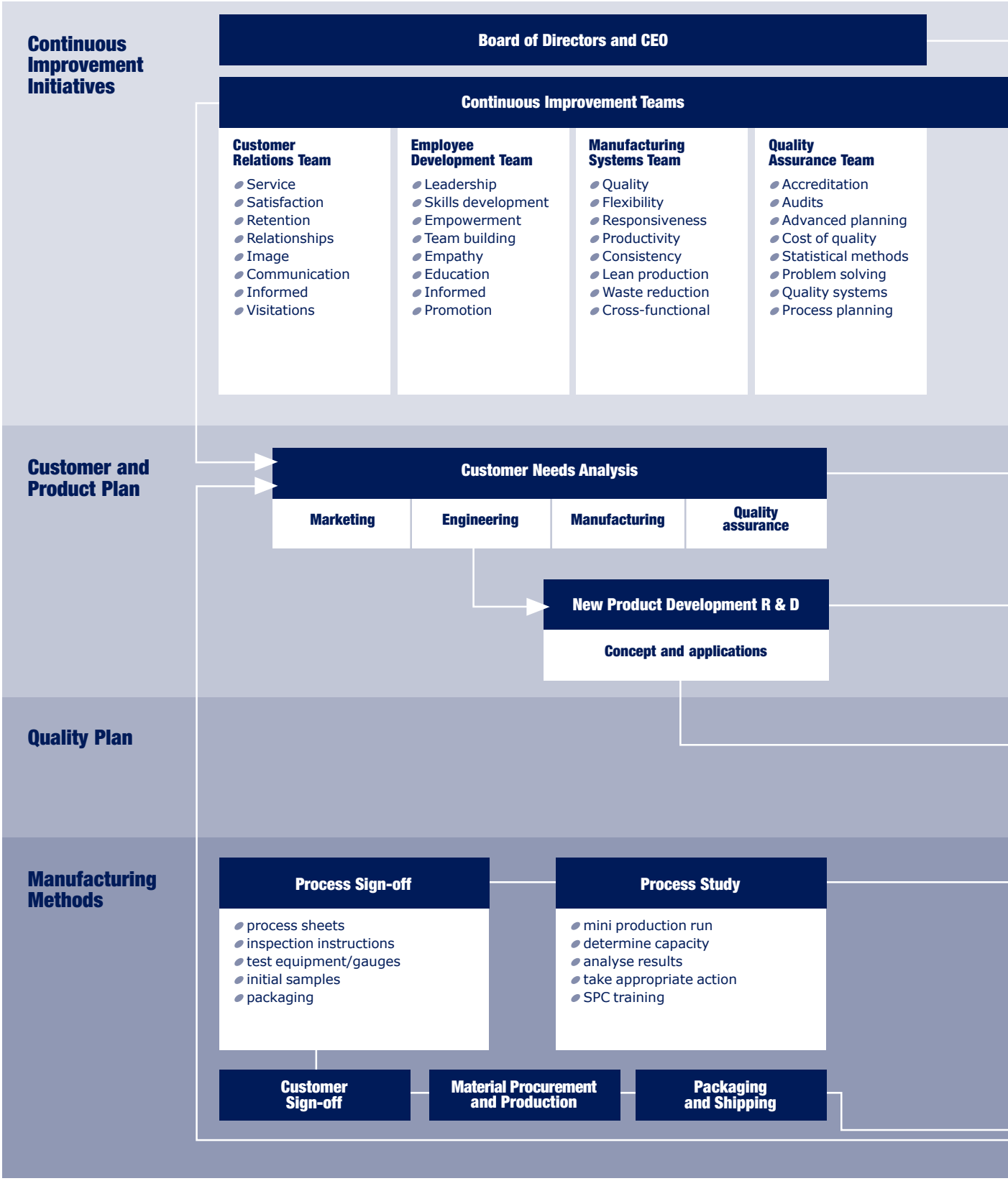
Balance Sheet - Schedule E46

$000

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INVESTMENTS					
INVESTMENTS TOTAL					
FIXED ASSETS					
LAND AND BUILDINGS					
PROVISION FOR DEPRECIATION					
PLANT AND EQUIPMENT (COST)					
PROVISION FOR DEPRECIATION					
NET BOOK VALUE					
TOOLING AT COST					
TOOLING AMORTISATION					
NET BOOK VALUE					
TOTAL FIXED ASSETS					
NON CURRENT ASSETS					
SECURED LOANS					
OTHER RECEIVABLES					
FUTURE INCOME TAX BENEFIT					
CONTINGENCY PROVISION					
GOODWILL					
TOTAL NON CURRENT ASSETS					
LONG TERM LIABILITIES					
SECURED LOANS					
UNSECURED LOANS					
OWING TO SUBSIDIARY COMPANIES					
SECURED CREDITORS					
LEASE LIABILITY					
EXCHANGE RATE VARIATIONS					
PROVISION FOR SICK AND LONG SERVICE					
PROVISION FOR INCOME TAX					
TOTAL LONG TERM LIABILITIES					
DEFERRED ASSETS					
NET ASSETS					

Appendices

Total Business Excellence: An Integrated Model



Business Excellence Management Team

Product Engineering Team
- Advanced design
- Critical characteristics
- Bills of materials
- Product testing
- Design FMEA's
- Material research
- Product samples
- Design benchmarking

Services and Facilities Team
- Preventative maintenance
- Safety
- Security
- Housekeeping
- Environment
- Floor plan
- Machines up-time
- Material flow

Administrative Systems Team
- Financial reporting
- Inventory control
- Order entry
- Costing
- Purchasing
- MRP system
- Business planning
- Human resources

Supplier Relationships Team
- Partnerships
- Quality
- New technology
- Delivery performance
- Cost reductions
- Investments
- Supply chain
- Frequent deliveries

Modify Existing Products

Advanced Engineering/Design
Manufacturing equipment requirements

Product Engineering
Specifications, design FMEA's, critical characteristics

Input
- Quality assurance
- Supply
- Manufacturing
- Customer
- Finance

Quality Planning Team

Manufacturing Control Plan
- quality systems/procedures
- process/product characteristics
- sample size
- quality Assurance methods
- reaction plan
- methods (JIT)
- problem solving technique

Feasibility Analysis
- process flow chart
- process FMEA's
- floor plan
- historical warranty analysis
- new equipment list
- statistical studies
- cause/effects diagram

Continuous Improvements

Key Performance Indicators (KPIs) Checklist ✓

The world's most successful companies conduct the following activities. Do you? If you do on a regular basis tick yes.

Major Business Activities Tick ✓

- ☐ Annual Business Plan
- ☐ Strategic Plan
- ☐ Monthly Finance and Departmental Reporting
- ☐ Weekly Senior Executive Meetings
- ☐ Monthly Management Meetings
- ☐ Quarterly Employee Briefings
- ☐ Mission Statement
- ☐ Vision Statement
- ☐ Benchmarking Financial and Non-Financial
- ☐ Lean Manufacturing and JIT methods
- ☐ MRP System or equivalent
- ☐ Key Business Performance Indicators
- ☐ Quality Accreditation

Continuous Improvement Initiatives

- ☐ Customer Satisfaction Analysis
- ☐ Employee Skills Assessment and Development
- ☐ Manufacturing Innovation
- ☐ Measure Quality Costs
- ☐ Monthly Performance Review
- ☐ Advanced design Benchmarking and Innovation Targeting peak performance

Performance Measures

Do you measure and control (daily, weekly or monthly) the following:

- ☐ Machinery Performance
- ☐ Production Performance Review
- ☐ Material Shortages and Causes
- ☐ Material Variances
- ☐ Production Rejects (Daily)
- ☐ Production Reworks (Daily)
- ☐ Customer Warranty (PPM) Defects
- ☐ Customer Returns and Corrective Actions
- ☐ Labour Variances
- ☐ Employee Absenteeism
- ☐ Overtime Penalty Costs
- ☐ Premium Freight Charges
- ☐ Supplier Quality and Delivery
- ☐ Deliveries Against Orders
- ☐ Customer Back Orders
- ☐ Customer Visits
- ☐ Slow Moving Stocks
- ☐ Inventory Turnover
- ☐ Obsolete Products and Materials
- ☐ Bills of Materials Maintenance
- ☐ Manufacturing Routines Maintenance
- ☐ Process Raised Concession and Actions
- ☐ Lost Time Injury Rate
- ☐ Customer Concerns
- ☐ Customer Order Entry Control
- ☐ Forward Order Forecasts
- ☐ New Projects Review
- ☐ New Products Review
- ☐ Productivity Levels
- ☐ Network Up-time
- ☐ Creditors Outstanding
- ☐ Debtors Outstanding
- ☐ Tooling Costs
- ☐ Capital Expenditure
- ☐ Cost Increases
- ☐ Product/Process Cost Maintenance
- ☐ Quality Audits
- ☐ Process Control Measures
- ☐ Injury Rate

Confidential Information