

ENTERPRISE CONNECT

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

| Business Review Service | Tailored Advisory Services |



Progress Report TO 30 JUNE 2011



Incorporating



This report summarises activities to 30 June 2011. Eighty five companies have successfully completed the program with NORTH Link and received a comprehensive Business Review Report and ongoing services.

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

- What is Enterprise Connect?
- Industry Sectors Participation
- Top Ten Recommendations from Key Actions
- Tailored Advisory Service Grant Applications
- Best Practice Benchmarks
- Enterprise Connect Significant Achievement Award

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

I hope you find the report and the information beneficial.

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An Australian Government Initiative



www.enterpriseconnect.gov.au

1.0 WHAT IS ENTERPRISE CONNECT?

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

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

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

WHAT SERVICES ARE AVAILABLE?

Business Review

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

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

Tailored Advisory Service

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

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

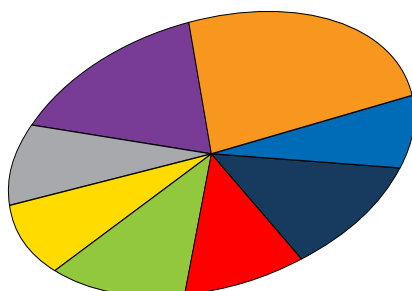
- supply chain management
- business and quality management systems
- lean manufacturing/office
- strategic business planning
- resource management
- waste/resource management
- people and change management
- new product/service development
- diversification/economies of scale
- market access and development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

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2.0 INDUSTRY SECTOR PARTICIPATION

INDUSTRY SECTORS

As at 30 June 2011, 85 companies from the industry sectors listed have completed the program.



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

Eighty five companies received an average of four major recommendations and are now eligible for Tailored Advisory Service government funding, including:

63 recommendations

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

50 recommendations

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

40 recommendations

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

36 recommendations

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

34 recommendations

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

24 recommendations

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

23 recommendations

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

16 recommendations

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

8 recommendations

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

8 recommendations

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



4.0 TAILORED ADVISORY SERVICE GRANT APPLICATIONS

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

Thirty one companies applied for TAS funding with a value in excess of \$450,000.

- **Lean Systems/Manufacturing Innovation (15 grants)**
provided improvements in productivity, supply chain, equipment utilisation and stock management
- **Financial and Key Performance Measures (10 grants)**
provided more effective financial systems, reporting systems and key performance indicators
- **Marketing and Product Innovation (6 grants)**
provided opportunities for growth, opportunity scanning, market research and product and process innovation
- **Strategic Business Planning (5 grants)**
provided opportunities to plan and analyse future business assumptions, capital investments and risk management
- **Quality Management Systems (2 grants)**
provided opportunities to implement appropriate accreditation and certification standards
- **Leadership Culture (3 grants)**
opportunities to establish company vision and values communicated throughout the company to contribute to long term objectives

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

Business and Financial Perspective

- Five year strategic plan
- Annual business financial and operational plan
- Monthly management business performance review
- EBIT >15% on annual sales
- Return on Net Assets >50%
- Return on Total Assets >25%
- Interest cover >10
- Value added as a percentage of sales >65%
- Value added per full time employee >\$140k
- Debtors <35 days collection
- Creditors <35 days payment
- Cash in bank >4% of annual sales
- Sales generated per square metre >\$6k
- Total sales per full time employee >\$220k per year
- Total cost of production <70% on annual sales
- Gross margin revenue >30% on annual sales

Customer and Market Perspective

- Customer growth >25% per annum
- Sales growth >20% per annum
- Percentage on sales from new products >25% on annual sales
- Percentage of export sales >25% per annum
- R&D Innovation expenditure >4% on annual sales
- Marketing expenditure >3% on annual sales
- Sales expenditure >6% on annual sales
- Marketing & Sales Plan
- R&D Innovation Strategy
- International Benchmarking

Learning and Growth Perspective

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

Internal Process Perspective

- World class quality credentials to AS/NZS ISO 9001:2008
- Environmental credentials to AS/NZS ISO:14000:2004
- Customer delivery performance against orders >99%
- Supplier delivery performance >99%
- Capital Investment >5% on annual sales
- Zero accidents
- Operating with lean methods
- Manufacturing and administration PPM defects <200
- Operating with Master Production Scheduling (MPS)
- Operating with Manufacturing Resource Planning (MRP)
- Operating with Sales and Operational Planning (S&OP)
- Overall equipment effectiveness >92%
- Stock turns >10
- Production schedule adherence >96%
- Scrap or yield loss rate <0.2% of sales



6.0 ENTERPRISE CONNECT SIGNIFICANT ACHIEVEMENT AWARD

Integra Systems

Integra Systems a worthy winner of the Enterprise Connect Significant Achievement Award 2011 for outstanding implementation of business expansion, productivity initiatives and customer service.

Integra was established in 1991 and provides customers with locally manufactured quality metal products or sub-assemblies that are highly competitive with imports.

Utilising the latest in CAD, CAE and CAM software, Integra offers a full suite of product development and manufacturing services from design through to manufacturing and full assembly. Their manufacturing services include steel and aluminium punching, cutting, bending, insertions, welding, powder coating and assembly. Integra manufactures either single item components, sub-assemblies, or complete product solutions.

Integra Systems was accepted onto the Enterprise Connect program in October 2009 and Paul Smarrelli conducted a Business Review making various recommendations, some implemented from internal resources, and others through Tailored Advisory Services.

Recommendations and actions included:

- Relocation to larger premises
To optimise workflow in the factory to ensure clear implementation of lean principles, quality, reduced lead times and innovative use of manufacturing technologies
- Undertake Activity Based Costing and Improved Business Information Systems
To ensure that all costs are captured correctly and managed
- Conduct a thorough customer base analysis
To increase customer base and ascertain long term market requirements.

Integra submitted a nomination for the Enterprise Connect Significant Achievement Award and from seven finalists were successful in receiving the award.

Judges comments:

"The Enterprise Connect Significant Achievement Award is given to a firm that has implemented its Business Review recommendations, increased its capacity and capability, demonstrated improved business processes and embedded these improvements throughout its organisation,"

"Transforming the business and moving from increased productivity into an accelerated growth cycle was also a consideration,"

"Integra Systems displayed all these characteristics including some radical re-thinking of the way they do business,"



Erika, Paul and Russell Hughes receiving the Enterprise Connect Significant Achievement Award at the RACV Club, May 2011.