



ENTERPRISE CONNECT

and Partner Organisation NORTH Link

**Business Review Service
Tailored Advisory Services**

Annual Report 2008

This report summarises activities for the calendar year 2008. Twenty five companies successfully completed the program with NORTH Link and received a comprehensive Business Review Report.

The report also provides key statistics, outcomes and benefits achieved by participants.

I hope you find the report and the information beneficial.



Networking for Economic Development

Incorporating



**NORTHERN BUSINESS
Achievement Awards**

A Forum for Business Excellence

www.nbaa.com.au



An Australian Government Initiative



www.enterpriseconnect.gov.au

1.0 OBJECTIVE OF ENTERPRISE CONNECT

Enterprise Connect is a \$251 million Australian Government initiative that delivers practical support to small and medium sized enterprises.

Enterprise Connect is helping Australian firms to be more competitive in an increasingly global marketplace through increased productivity and profitability and innovation.

It also aims to strengthen the links between industry and sources of knowledge, including the research sector, by providing access to the latest information and technology.

Enterprise Connect is administered by the Department of Innovation, Industry, Science and Research and uses industry experts and partners to deliver a comprehensive range of services to eligible SMEs.

THE MANUFACTURING NETWORK

Provides manufacturers with access to a range of services to help them become productive and innovative.

One of the challenges of running a manufacturing business is accessing information and assistance regarding the latest processes, technology and market information to help improve efficiency and drive growth.

The Manufacturing Network is designed to meet the challenge. It helps SMEs get expert, tailored advice to improve productivity, build internal capacity and investigate new market opportunities.

WHAT DOES THE MANUFACTURING NETWORK OFFER THE FIRM?

A Business Adviser to

- Prepare a comprehensive Business Review
- Assess business strategy and current operations
- Identify strengths, weaknesses and best practice benchmarks
- Help access world-class business tools, processes and technology
- Identify potential areas for improvement and growth
- Identify a pathway forward to productivity improvements

Tailored Advisory Services

To implement the changes recommended in the Business Review by providing financial support and expert advice. Through Enterprise Connect, the Commonwealth will reimburse half the cost – up to a maximum of \$20,000 – to engage consultants to help with implementing change projects including:

- Supply chain management
- Lean manufacturing/office
- Strategic business planning
- Resource management
- New product/service development
- Export strategy
- Business and quality management systems

2.0 ACHIEVEMENT'S DURING 2008

KEY STATISTICS

Twenty five firms including manufacturers and trade exposed service companies completed the program.

Firms received a Business Review service and were from various industry sectors. Cumulative annual revenue of participants was \$196.6 million.

INDUSTRY SECTORS

3	Metal Engineering, \$9.8 million
4	Textile, \$16.2 million
3	Furniture, \$7.0 million
3	Building Products, \$68.5 million
2	Food and Beverage, \$5.0 million
7	Chemical & Plastic, \$56.9 million
3	Service, \$33.2 million

3.0

TOP TEN RECOMMENDATIONS FROM THE KEY ACTIONS OF THE BUSINESS REVIEWS

22 recommendations

Financial and Operational Measures

To improve reporting systems, identify key performance indicators and improve performance.

13 recommendations

Lean Systems/ Manufacturing Innovation

To optimise supply chains, material flows, processes, productivity, equipment up-time, preventative maintenance, housekeeping and safety.

13 recommendations

Leadership Culture

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

12 recommendations

Strategic Planning and Growth

To implement essentials for the future including the assumptions, market trends, human resource succession planning and resources required.

10 recommendations

Marketing and Growth

To explore opportunities for growth including increased market share, new opportunities in new markets, franchising and joint venture partnerships.

10 recommendations

Human Resource Management

To improve employee development and training needs, retention of skilled people and to create a supportive and cooperative work environment.

7 recommendations

Innovation and Technology Strategies

To explore new technology to achieve distinctive offerings, differentiation and unique product/process innovation.

5 recommendations

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.

5 recommendations

Material Resource Planning

To maximise on-time deliveries and inventory control, material management and documentation accuracies.

4 recommendations

Customer Service and Relationship Strategies

To facilitate more effective communication with customers and markets and to receive customer feedback regarding future requirements.

4.0

BEST PRACTICE BENCHMARKS: what the world's best enterprises do

- World class credentials to AS/NZS ISO 9001:2000
- Environmental credentials to AS/NZS ISO:14000
- Five year strategic plan
- Annual business financial and operational plan
- Monthly management business performance review
- Sales growth >20% per annum
- Percentage on sales from new products >25% on annual sales
- 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 >70%
- Value added per full time employee >\$120k
- Debtors <35 days collection
- Creditors <35 days payment
- Cash in bank >5% of annual sales
- Customer growth >25% per annum
- Percentage of export sales >25%
- Customer delivery performance against orders >98%
- Supplier delivery performance >99%
- Capital Investment >5% on annual sales
- R&D Innovation expenditure >4% on annual sales
- Marketing expenditure >3% on annual sales
- Sales expenditure >4% on annual sales
- Leadership, training and development expenditure >1.5% on annual sales
- Directs to Indirect ratio 4:1
- Zero accidents
- Absenteeism per employee <1 day per year
- Early leavers maximum one employee per year
- Sales generated per square metre >\$4k
- Total sales per full time employee >\$220k per year
- Operating with lean systems and supply-chain and logistics management
- Manufacturing and administration PPM defects <200

5.0 CASE STUDIES FROM SUCCESSFUL PARTICIPANTS

Unique Modular Buildings



Unique Modular Buildings manufactures modular and prefabricated buildings for a wide range of industries, from hire and industrial to commercial and education. Established in 1994, the business has a core staff of 17, with up to 10 casuals brought in as orders demand.

Steve Thompson, General Manager, welcomed the opportunity to participate in the Business Review program.

"Being in the job for a relatively short time, I was just beginning a program to cut overheads and look at where the business was going. The Business Review provided us with a great opportunity.

Our adviser Paul Smarrelli, Business Adviser for Partner Organisation NORTH Link, was excellent. On the first day he was here for four or five hours and when he left I was exhausted! It seemed no way we could get there. But it was also exciting. Having someone with so much expertise asking probing questions made me think about the business in a completely different way and re-prioritise some of the things I was doing.

The benefits of the Business Review for us were that we developed a much better understanding of what our business needs, and what best practice is in our industry sector. The report will help us to set achievable goals that will help us to grow profits and our customer base."

JDS Australia

JDS Australia is an IT consulting firm that specialises in software testing and monitoring with Hewlett Packard tools, ensuring that critical IT systems are available and performing as and when required.

John Bearsley has grown the business rapidly, concentrating on providing services to major telecommunications companies and banks. The company now employs 35 staff.

"Our growth has been fast – in fact we had 100% growth last year. But we were at the critical stage of transition from a small business to a larger one, and to help us with that we joined the Business Review.

Paul Smarrelli, Business Adviser for Partner Organisation NORTH Link was our adviser and we were very impressed by his expertise. He worked with our management team and gained their trust and confidence very quickly.

Paul's recommendations were in line with our thinking but we had some prioritising to do. They highlighted the fact that we are a high quality organisation and we need to ensure that our standards remain high. So we made some subtle changes to our structure, prioritised our marketing and developed a plan to keep enhancing our leadership and other staff capabilities.

We'd done some strategic work before but this was much better. It was interesting to take a critical look at the organisation and try to score ourselves. We found our natural tendency was to be harsh and that wasn't a bad thing. Lots of ideas for improvement came out of the sessions.

I'd strongly recommend the Business Review to any organisation. It was particularly valuable for us, as a firm that is expanding rapidly, to make sure we are heading in the right direction."

Premier Plastics



Premier Plastics Pty Ltd services two distinctive markets – custom plastic extrusion, which includes the manufacture of hoses, profiles and tubes, and the manufacture and installation of commercial and industrial flexible plastic doors. Established in 1991, the company employs 23 staff.

Manager Ken Girdlestone's main motivation for joining the Business Review program was to understand what was available in support and government funding for the business.

"Our business has been profitable over the years, but it hasn't really returned the profits it should. I realised that you get a bit blinkered in your own business and having an outside perspective would be valuable, so we signed up for the program.

Our adviser, Paul Smarrelli, Business Adviser for Partner Organisation NORTH Link, gave us a lot of insight. Hearing things from an outsider makes a real difference and Paul was excellent in his role.

In the future, we'll be keeping an eye on our KPIs and on maintaining expenses in line with our revenue. We'll also be looking at increasing staff training and further improving our customer service.

This was a very thorough review that's given us a lot of ideas for implementation. We're very happy that we took part."

Austank

AUSTANK fabricates tanks for the petrochemical and energy generating industry, specialising in manufacturing tanks to specific customer requirements. The company employs 26 staff in total.

Geoff and Cathy Monson have been in the tank industry since they took over a small domestic oil tank business in 1989.

"Things have changed a lot over that time. Where 15 years ago a 20,000 litre tank was big for us, we are currently building 90,000 litre and 110,000 litre tanks.

I was interested in taking part in the Business Review program because I knew that we had taken the business as far as we could go. We were keen to get it to the next level and this was an opportunity to have professional assistance.

Paul Smarrelli, Business Adviser for Partner Organisation NORTH Link, was very supportive and uncritical. He gave us options that would help us improve and directed us to additional assistance available.

The Business Review gave us something tangible and useable.

It isn't possible to make all the changes straight away, but we've started and it's already making a difference. Best of all, we're now fully aware of where we want to be and what needs to be done to get us there."

