

Business Excellence Program 2005

Business Sustainability and Excellence - Textile, Clothing and Footwear (TCF) Industry



NorthermelbourneArea
Consultative Committee



Australian Government
Department of Transport and
Regional Services

Business Sustainability and Excellence - TCF Industry

“A Business Excellence Culture in Melbourne’s North”

During 2005, NIETL/NORTH Link presented the Business Excellence Program for TCF industry through sponsorship provided by the Northern Melbourne Area Consultative Committee (NACC), Commonwealth Government Department of Transport and Regional Services (DOTARS). This final report presents a summary of the outcomes and how we have met the project aims and objectives. We offer the Methodology, Total Business Excellence Model and A Guide To Preparing the Business Excellence Capability Statement referred to in this report as tools to assist those businesses seeking business excellence and international competitiveness.

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Business Excellence Program Reference Group

- Mick Butera, Executive Director, NIETL/NORTH Link
- Tony Coppola, Executive Officer, NACC
- Ashley Van Krieken, Executive Officer, Council of Textile and Fashion Industries of Australia Limited
- Jeff Ryall, Director, Quality Award Partners
- Paul Smarrelli, Business Excellence Manager, NIETL/NORTH Link

Program Facilitator

Jeff Ryall, Quality Award Partners® was the program facilitator. He has extensive experience in providing assistance to companies in the manufacturing industries: consulting service, training and audit services to significantly improve performance and develop leading edge outcomes. The range of services embrace quality management systems, continual improvement methods, customer focused programs, risk management and compliance programs. Jeff holds a M.B.A and Certificate 1V in Workplace Training and Assessment. He is one of Australia's leading quality management experts, and over the past fifteen years has consulted widely in Australia and abroad.

Paul Smarrelli, NIETL/NORTH Link, assisted in the facilitation of the program. 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 made presentations at the meetings in areas of management and information systems, optimisation of materials: information flow and inventory controls, leadership/culture change, and commercialisation, innovation and technology strategy.

Mick Butera, Executive Director NIETL/NORTH Link Project Manager.

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

Guest Presenters

- Greg Court, Circa Group Pty. Ltd., 'Teams! How they work, why you should consider developing them, and how to develop a team approach that is ideal for your business.'
- Mike Allison, Senior Consultant, Quality Award Partners®, 'Continuous improvement – how to focus your people on strengthening customer service, value adding activities, productivity and cost reduction.'
- John McBride, Manager, Invetech, 'Innovation and its underpinning principles.'
- Paul Kirton, Partner, Macpherson + Kelley Lawyers, 'Managing your intellectual property.'

Local Government

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Mick Butera
Executive Director,
NIETL/NORTH Link

Foreword

The textile, clothing and footwear industry has undergone massive structural change in recent years, in the face of relentless competitive pressures. As tariff barrier protection has progressively reduced, the full force of competition from low labour cost, high volume producers, often utilising modern equipment and without the social on-costs that are taken for granted as an essential part of the Australian business environment, have forced changes in this sector.

Yet within this scenario, which is often perceived as bleak, there are opportunities abound for those businesses in the TCF sector which are able to identify and leverage competitive advantage. There are various aspects to this which underlie a competitive position, and which must be done well in order to achieve high levels of performance and future sustainability. These include:

- Development of short supply run capability.
- Proximity to market.
- Maintenance of high levels of quality.
- Technology development and adaptation.
- Complementary fit, either with companion businesses serving a market, or into the market itself.

- Selective import strategy to underpin the strategic capabilities.
- Building of brand.¹

This requires sophistication beyond that which tends to exist in commodity-based markets. It requires performance based on differentiation and the inherent efficiencies that go with this. Once businesses are able to demonstrate their capabilities to their chosen markets they are better placed to build image and leverage their value proposition through brand strategy.²

Each of the participants in this program demonstrated at the outset at least an intuitive understanding, and often more, of these underlying principles. Yet from within any business it is often difficult to know the building blocks of business excellence that underpin high levels of performance, much less how to go about implementing and developing this.

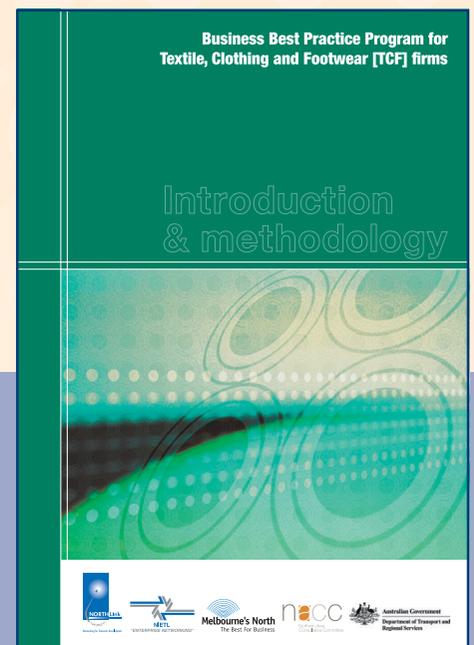
NIETL/NORTH Link has identified the potential to successfully encourage and accelerate the implementation of business excellence and international culture in the northern region of Melbourne for TCF firms.

The aims and objectives of the Business Excellence Program were to provide business improvement assistance for TCF firms to implement a business excellence culture; enhanced international competitiveness through a continuing emphasis on business growth and increase capability to plan and cope with further tariff reductions.

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

- An accurate assessment of current business position
- A diagnostic analysis and current business performance
- A business excellence self assessment GAP analysis
- Increased productivity, efficiency, reduced costs and innovation through management empowerment
- Development of a Business Excellence Capability Statement

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



Introduction & Methodology

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

Section



- Effective communication practices through leadership and employee empowerment
- Management and Information Systems
- Increased innovation, commercialisation, technology and quality
- Increased networking and learning from leaders in marketing and innovation through Industry Tours
- 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 analyse the current position of

TCF firms and undertake a range of business activities that will lead to the development and implementation of a sustainable model to overcome the barriers that might be restricting growth and profitability. The model incorporated a specialised step by step TCF best practice guide and 'GAP' analysis against current and projected competitive pressures plus guidance on how to survive in the TCF industry against increasing imports and reduced tariffs.

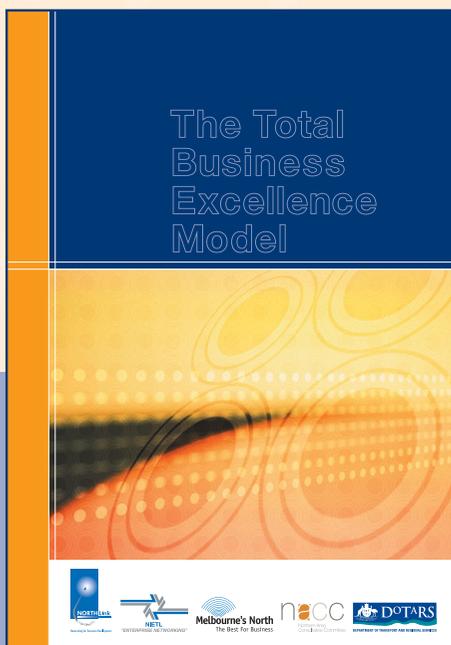
It provided assistance to TCF firms to implement a leadership culture and the management information systems to ensure accurate decision making and total business control necessary to achieve productivity increases of between 20%-25% on current sales.

NIETL/NORTH Link presented the Business Excellence Program for TCF firms through sponsorship provided by the Northern Melbourne Area Consultative Committee (NACC),

Commonwealth Government Department of Transport and Regional Services (DOTARS). This final report presents a summary of the outcomes and how we have met the project aims and objectives. We offer the Methodologies, Total Business Excellence Model and Business Excellence Capability Statement contained in this report as tools to assist those businesses seeking business excellence and international competitiveness.

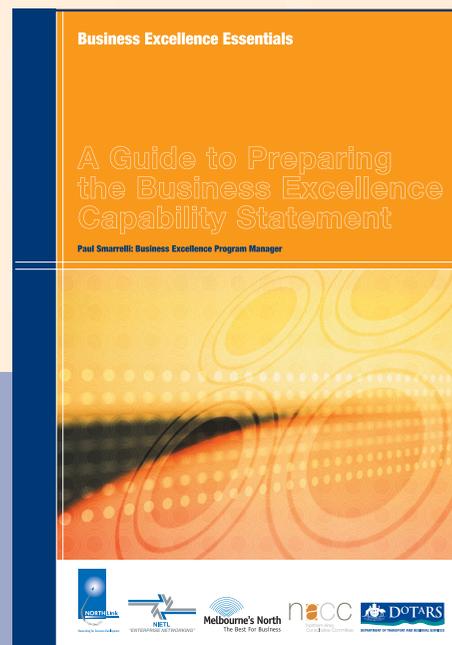
NIETL/NORTH Link will continue to build on the achievements of the Business Excellence Program through dissemination of this report to business and by continuing to develop a vibrant business excellence culture existing in the northern region of Melbourne.

Mick Butera
Executive Director
NIETL/NORTH Link



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



A Guide to Preparing the Business Excellence Capability Statement

Setting key strategies, assumptions and business control measures

(Footnotes)

- 1 A. Van Krieken, Executive Director, Council of Textile and Fashion Industries of Australia Limited, private communication 16 May 2005.
- 2 TCFL Forum Strategic Plan, 'Global and growing-blueprint for a positive future', TCFL Forum June 2002, page 5.

Executive Summary

Within the TCF sector in Australia there are many companies which have the potential to achieve a profitable and sustainable future, certainly in the domestic market, but also in the realm of export.

Although diverse, the common features of these companies are an underlying recognition that competitive advantage lies not in producing commodity products, but in leveraging unique and differentiating capabilities. These are typically a blend of the ability to meet specific market segments responsively (with flexibility, short supply runs and short lead times), ensuring high levels of quality. This will minimise unnecessary costs through increased productivity and internal efficiency, deployment of appropriate modern technology, and unique design capability. When these are done well there is the potential to create brand value.

Yet within the sector there is typically a lack of understanding of what the dimensions of 'doing this well' are, and the practical knowledge of how to go about achieving high performance.

This capability is termed 'Business Excellence'.

To address this need a Business Excellence Program was resourced, developed, delivered and reviewed during the period June-December 2005. The aims of the Business Excellence Program were to provide TCF businesses in the region with the guidance, support and expertise necessary to establish a series of business improvement initiatives in their company, and to set a strategic improvement path for the future.

The Program framework was based on the internationally-recognised Baldrige Criteria for Business Excellence. This is a well-established and proven framework, embraced at the national recognition level in a number of countries.

In Australia it has been applied for more than a decade by many organisations. When properly applied it has been objectively shown that the principles of best practice boost organisational value and deliver better outcomes to all stakeholders.

There are seven key performance categories within the business excellence model:

1. Leadership
2. Strategic planning
3. Customer and market focus
4. Measurement analysis and knowledge management
5. Human resource focus
6. Process management
7. Business results.

A 56-question self-assessment instrument was developed, based on the Baldrige Criteria for Business Excellence. This enabled each participant to establish a base line performance measure across the seven business excellence categories. From this it became obvious at an aggregate level what the general level of performance of the organisation was, as well as the specific strengths and areas for improvement focus.

Naturally, for each of the 14 participating businesses the areas of high relevance within the program differed, although there were typically commonalities in the area of leadership and business/marketing strategy, human resource focus, and measurement and performance management.

Participants were provided with a business excellence methodology and model, and this interfaced with the workshop program to provide knowhow on how to apply each of the key performance drivers that will ultimately delivery better business outcomes. The methodology provided a step-by-step guide to the essential attributes for an excellent organisation.

This methodology and model was implemented through one-on-one mentoring assistance by the Program Facilitator, facilitator-led and guest-led lecture presentations, and networking opportunities (which grew in substance throughout the program as participants developed knowledge and trust with each other).

Additionally three industry tours were conducted to show examples of application of excellence and the benefits that would be expected.

Mentoring was conducted at a number of stages in the program through site visits and specific interviews to assist participants to identify appropriate initial initiatives in the context of an overall improvement strategy. In some cases these were very simple and basic but once properly implemented opened the door to levels of performance that were quite impressive. Examples of the kinds of performance improvements that were achieved by three participants (CLETS Australia, Harold Boot and Scuttle Clothing) are contained within the body of this report. These case studies provide examples that are consistent in the magnitude of improvement and positive business impact. They also illustrate three different ways that Business Excellence has been applied.

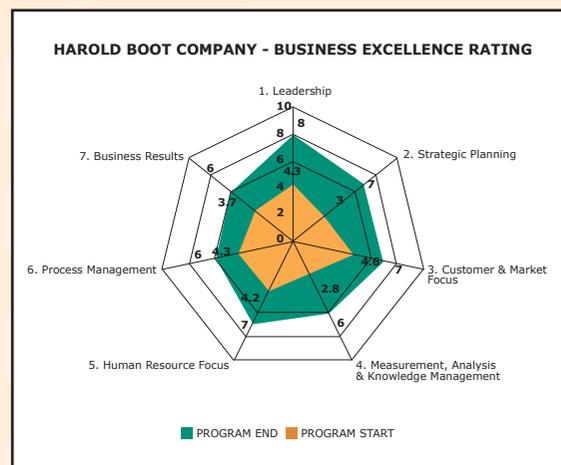
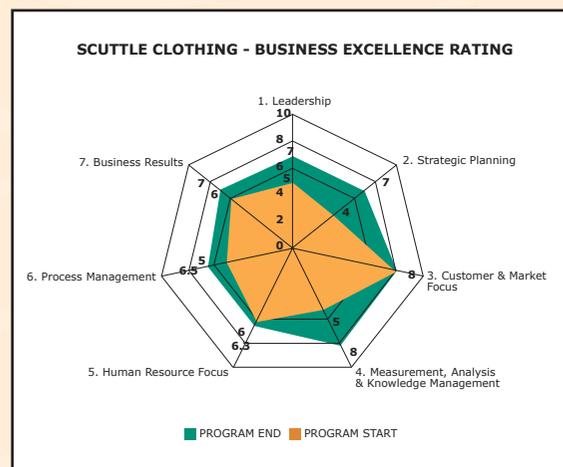
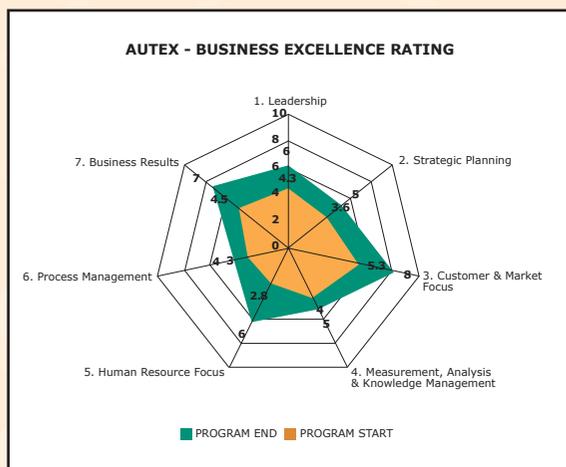
Within the program two themes were consistently expounded. One, the need to establish effective control and management systems throughout the organisation in order to consolidate performance and conduct effective analysis. The second theme was based on the first: to develop activities of improvement in organisational performance in areas of significance to each business, and its customers.

Project Outcomes

Project outcomes were determined as both lead and lag indicators.

Improved self-assessment ratings

As participants had conducted a self-assessment at the commencement of the program, it was possible to conduct the same assessment at the conclusion to gauge the effect of application of the content of the program on the performance of those firms. A number of typical examples are provided below.



There are some striking features of these comparisons.

First, all participants responded that they had improved. This improvement tended to be across all 7 categories of the Business Excellence framework, with the lowest-scoring categories generally showing most improvement, while those categories that initially scored highest tended to show stability throughout the program. This aligned with verbal feedback through the program from participants, that they were focussing on strengthening those aspects of their business that they perceived to be weakest, or in which they felt problems were present.

Second, there was generally a better-balanced relationship between the criteria. This is essential as a basis for building an excellent firm. Even if one or more aspects of a firm are done well, if there are weaknesses in important areas, those weaknesses will ultimately translate into sub-optimal performance.

In summary, these results provide evidence of application of program material into the firms, and improved understanding of what Business Excellence means in practical application. This provides a measure of confidence as to the ongoing progress and sustainability of the program, post completion.

Economic Benefits

Participating firms varied considerably in size, and development stage; some were microbusinesses in startup phase, while at the other extreme there were some well-established firms employing considerably more people. Additionally, some firms operated successfully in niche markets, while others were in transition from vulnerable positions.

Employment:

For the trading year calendar 2006,

- 50% predicted, or had through the course of the program, increased labour (either by employment or through additional subcontractors), on an average 5%. This equates to 18 new jobs.
- One company predicted a reduction of up to 11 in employee numbers.
- The remainder predicted no change in employment, as a result of improved productivity and multi-skilling initiatives.

Sales:

For the trading year calendar 2006, and beyond, 84% of participants either experienced or predicted increased revenues and profitability (through improved profitability and stock level reduction). The trend of this was a net gain of +2.75%, or \$1.376 million over the previous year spread across all participants.



Recommended Essentials for Achievement of Business Excellence

NIETL/NORTH Link makes the following recommendations for firms aspiring to Business Excellence.

1 Establish Standards

To be a world class organisation 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; capability to analyse and implement change and improvement, and 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 these 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 organisation through leadership, empowerment, an interactive structure that is visible and accountable and with strong cross-functional coordination. Creative use of the skills and knowledge of people to maximise business results eliminates non-value added waste. Encourage employee participation in company development programs and let 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 and to then 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. This will enable firms to capitalise on opportunities for improvement and minimise weaknesses and threats to the business. The annual business plan process should commence three months before the new financial year and be approved and implemented no later than the commencement of the new trading year. The implementation of the business plan needs to be correctly communicated. Employee involvement is essential to the achievement 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 long-term activities to identify the basis for growth and aligns the business with market trends, proposed new products, customer long term relationships/partnerships 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 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 trading statement and efforts applied to business improvements can provide quicker results as these are 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 a choice of formats including words, charts and graphs, 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 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

Program Evaluation

1. Program Evaluation Workshops and Industry Tours were rated an average of 2.9 overall, from a maximum rating of 4.0, indicating that participants found the program content “Very Helpful”. This compares well with the outcomes from the 2002/03 program, which returned an overall rating of 3.1.

Most positive responses were received (greater than a rating of 3.0) for:

- The Baldrige self-assessment and subsequent gap analysis and improvement strategy;
- Maximising quality & productivity, by identifying organisational objectives and risk-proofing operational processes;
- Optimisation of materials flow, information and inventory control: this covered modern manufacturing methods, including lean manufacturing and just-in-time production.

2. Program Evaluation Benefits in relation to the effectiveness of the program topics and methodologies applied, and the progress made toward establishing improved business excellence practices were also very favourable, also rating 2.9 overall, from a maximum rating of 4.0. This indicates participants found the program “Very Helpful”.

The average responses were higher (3.0-3.6) in terms of improved understanding of the substance of business excellence. Application scores were in the range 2.3-2.8, and general feedback suggested that implementation was still in early stages.

Program Methodology

Eleven workshops, guest lectures, group networking and three 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 a strategic plan for business excellence. A continuing emphasis on the development of employee skills and participation helped firms identify their competitive advantages and to review and implement performance measures to streamline their business systems.

A six-month timetable was developed, covering the range of business excellence activities. Organisations were then encouraged to put into practice what they had learned and to liaise with the program facilitator for assistance and a site visit to provide more in-depth advice and forward planning. Each participant was encouraged to bring other staff members to meetings and many did so.

The program topics and activities focused on the factors firms need to assess and evaluate to implement business best practice initiatives and were as follows:

Business Excellence Topics, Lectures and Industry Tours

Activities	Business Excellence Format
<p>Program Commences</p> <p>May-June 2005 Applicants were visited, evaluated for participation in the program, and briefed on the program content and expectations relating to their participation, by Program Facilitator, Jeff Ryall</p>	<p>Selection of Program Participants</p> <p>Each firm was visited and interviewed to obtain reliable information for assessment of their current business position, including management systems, market position, resources, capabilities and long-term goals.</p>
<p>Workshop</p> <p>21 June 2005 NIETL/NORTH LINK - Introduction to the program, and the business excellence model, by Paul Smarrelli, and Program Facilitator, Jeff Ryall Aim: Understand how to conduct a business excellence self-assessment.</p>	<p>Total Business Excellence Model</p> <p>As the first meeting, and therefore the induction to this program, the process and intent of the program was overviewed. The purpose of this program was re-emphasised. It was to provide business improvement assistance to:</p> <ul style="list-style-type: none"> ● implement world best practice ● create viable and sustainable niche markets ● enhance international competitiveness against increasing imports, in the context of reduced tariffs. <p>The program commenced with a self-assessment phase, which was introduced at this meeting. The instrument consisted of 56 target questions, covering all key aspects of a business. This is broadly based on the internationally recognised Baldrige Criteria for Business Excellence. It enables a firm, in an efficient way, to assess its current 'best practice' profile, and to see both the strengths of their business, as well as the areas in which improvement can be gained.</p> <p>In order to carry out this self-assessment effectively, participants needed to consider the questions carefully, and evaluate their level of development objectively. The presentation covered this, and provided an overview of how to do this.</p> <p>Participants were provided with copies of the Self Assessment Workbook, in both hard copy and electronic form.</p>

BUSINESS SUSTAINABILITY AND EXCELLENCE - TCF INDUSTRY

Activities	Business Excellence Format
<p>Workshop</p> <p>5 July 2005 NIETL/NORTH LINK - Completion of gap analysis using the business excellence model, by Program Facilitator, Jeff Ryall Aim: Analyse the self-assessment data, and develop an understanding of change management. Once participants completed self-assessments, the next stage, analysis was introduced.</p>	<p>Completion of Gap Analysis</p> <p>As the program involved identifying, and deploying change into the firm, the meeting commenced with a presentation on change management, and the way that change processes should be managed to ensure effectiveness. This involves developing clarity in relation to:</p> <ul style="list-style-type: none"> ● Dissatisfaction with the current situation ● Vision with clarity how the future state will be ● Process for moving from the current to the future situation - in other words, the first steps <p>All three elements need to be present, at appropriate degrees of strength, if the inevitable resistance to change is to be overcome.</p> <p>Following this, participants processed their self-assessments into the Excel file format provided. Groups were formed for people to discuss their results, and identify the areas in which development work should be applied. This was typically related to a low-scoring result area, but the interaction of drivers to performance (such as leadership, or strategy), with managers of performance (such as process management), was considered.</p>
<p>Workshop</p> <p>19 July 2005 NIETL/NORTH LINK - Program Facilitator, Jeff Ryall Aim: Review the gap analysis and create a development strategy for each firm. Each participating firm provided feedback on the development focus planned to define their way forward, based on the gap analysis.</p>	<p>Development of Improvement & Growth Strategy</p> <p>Based on the general consistency of feedback, two working groups were formed, to explore the issues involved with Human Resources, and Sales/Marketing. A total of 21 specific action areas were identified.</p>
<p>Workshop</p> <p>2 August 2005 NIETL/NORTH LINK - Paul Smarrelli & Program Facilitator, Jeff Ryall Aim: Develop a performance measurement/management system, and develop suitable measures for the firm.</p>	<p>Management & Information Systems</p> <p>Breakout sessions were conducted to explore:</p> <ol style="list-style-type: none"> 1. WHY MEASURE PERFORMANCE? 2. PROBLEMS & CHALLENGES <p>The Balanced Scorecard approach to performance measurement was introduced. This provided the larger context of the subject, and largely dealt with the following aspects:</p> <ul style="list-style-type: none"> ● The need for lead-current-lag indicators to form an integrated suite of measures ● The need for measures to be coherent, and not conflict with each other ● The need to develop a strategy map, visually representing the business strategy, incorporating the 4 key perspectives of Learning & Growth, Process Management, Customer Outcomes and Financial Outcomes ● That the purpose of a measurement system is to both deploy and drive strategy into the business, and show how well the strategic objectives of the business are being achieved. <p>Within this context, the various kinds of measures that can be used were described, as well as how to establish a workable system in the business. This included an approach to reporting, and establishing a systematic reporting format. This included:</p> <ul style="list-style-type: none"> ● Profit & Loss statements for the business, and by product ● Sales reports by products ● Trading analyses ● Monthly performance reviews <p>Linkage between the budgeting process and the strategy process was covered.</p>

Activities	Business Excellence Format
<p>Industry Tour</p>	<p>Service & Leadership Culture</p>
<p>16 August 2005 Yakka Distribution - Mark Eversteyn, General Manager Distribution Aim: To observe first hand how the interactions between technology & leadership are deployed to produce high service performance outcomes.</p>	<p>Yakka is a leader in the provision of distribution services in the TCF industry, and hence provide a model of business excellence.</p> <p>There has been significant expansion and infrastructure investment on this site, with the most interesting of these being voice-activation picking software. This has improved productivity by ~30%, and provides direct traceability to error sources, with the ability to trend and collate to identify special, as opposed to random error sources.</p> <p>In order for this infrastructure investment to deliver to its potential there has been enormous underlying work carried out to develop systems and competencies. The discussions following the plant visit focussed on these as they have direct application to the participants.</p> <p>These are:</p> <ul style="list-style-type: none"> ● Performance measures ● Team Meetings & Communications ● Training ● People Management <p>The key themes of Yakka are flexibility, which will deliver responsiveness, and productivity, via the warehouse layout and use of the investment in technology.</p>
<p>Workshop</p>	<p>Teams</p>
<p>23 August 2005 NIETL/NORTH LINK - Program Facilitator, Jeff Ryall Aim: To understand the place of Teams in high-performing firms, and how to use them to best effect.</p>	<p>A 'model' for team activity, and a TEAM action approach was provided. The participants were divided into groups to conduct a team exercise each, and apply this approach.</p>
<p>Workshop</p>	<p>Leadership & Continuous Improvement</p>
<p>6 September 2005 NIETL/NORTH LINK - Mike Allison, Senior Consultant, Quality Award Partners. Aim: To demonstrate how to identify and develop improvements in firms, in key areas of relevance.</p>	<p>Methods of improving Customer Services, Value Adding, and Productivity, while simultaneously reducing costs were covered. This included:</p> <ul style="list-style-type: none"> ● Improvement of "white collar" (administration, sales, and support) functions. ● Business Process Re-engineering approaches to make radical improvements to processes. ● Group exercises were conducted to identify promising areas for improvement in participant companies.
<p>Workshop</p>	<p>Maximising Quality & Productivity</p>
<p>27 September 2005 NIETL/NORTH LINK - Program Facilitator, Jeff Ryall Aim: To provide participants with skills on how to drive improvement in their firms. Also to "error-proof" their processes, in order to ensure process reliability.</p>	<p>A group exercise was conducted to identify how business objectives should be determined, or drawn from the strategic business plan, and deployed to staff in the firm.</p> <p>The concept of process mapping to enable analysis and control of process risks was demonstrated, and followed by group activities to identify, and develop control measures, for typical risks in a typical company. The relevance of robust quality management systems was emphasised.</p> <p>Corrective action processes were workshopped, and applied for a number of current problems nominated by participants.</p>

BUSINESS SUSTAINABILITY AND EXCELLENCE - TCF INDUSTRY

Activities	Business Excellence Format
<p>Workshop</p>	<p>Optimisation of Materials, Information Flow & Inventory Control</p>
<p>11 October 2005 NIETL/NORTH LINK - Paul Smarrelli Aim: To provide participants with information on how to drive manufacturing costs down, shorten manufacturing times, and reduce in-process stock through application of modern manufacturing methods.</p>	<p>This presentation focussed on the need to have an effective supply chain/logistics system, linked with capacity and customer order requirement, and covered:</p> <ol style="list-style-type: none"> 1. Optimisation of Materials: Effective Supply-Chain/Lean Production Pull System 2. Informational Flow: Customer Order Entry to Customer Delivery Process 3. Inventory Control: On-Time Delivery Performance <p>The way to achieve this and the common causes of problems in this area were described.</p>
<p>Industry Tour</p>	<p>Manufacturing Innovation</p>
<p>25 October 2005 Invetech - John McBride, Program Manager Aim: To focus on maximising quality and innovative capability.</p>	<p>The industry tour provided first-hand knowledge of how innovation development is undertaken. Key learnings from this tour were:</p> <ul style="list-style-type: none"> • Work is carried out on a project basis • Teams are widely used • Strong focus on market research to inform the development process • Prototyping is applied • Strong project management focus <p>The "Innovation Spiral" was described. This requires getting the fundamentals right:</p> <ul style="list-style-type: none"> • Well-engineered products • Good systems • Customer-focussed flexibility • Differentiated high value products <p>Some key learnings from this presentation, which followed the visit were:</p> <ul style="list-style-type: none"> • 5S to organise the workplace properly • value stream mapping to remove waste from the processes • development of work cells • use of line balancing to remove stock from within processes • development of a visual workplace
<p>Workshop</p>	<p>Commercialisation, Innovation & Technology Strategy</p>
<p>8 November 2005 NIETL/NORTH LINK - Paul Smarrelli and Paul Kirton, Partner, Macpherson + Kelly Lawyers Aim: To provide participants with information on how to conduct product cost analysis in order to maximise profitability of the firm, and to develop a technology/intellectual property/brand strategy.</p>	<p>The meeting was conducted in two parts:</p> <p>1. Managing your Intellectual Property The key elements of this subject were presented, covering:</p> <ul style="list-style-type: none"> • Control of IP in-house - some guiding principles to ensure protection of vital information within the company • Licensing your knowhow & IP • Trademarks • Designs - this provided some very useful guidance for companies producing original designs, and how to ensure customers or competitors respect your ownership • Patents <p>Following the presentation, aspects of application were workshopped.</p> <p>2. Product Cost Analysis A case study on the impact on overall company performance of continuing to run unprofitable product lines was presented and workshopped. Templates were provided for each firm to carry out their own analysis.</p>

Section



Activities	Business Excellence Format
<p>Industry Tour</p>	<p>International Focus and Market Leadership</p>
<p>22 November 2005 Wilderness Wear - Phillip Endersbee, Managing Director Aim: To view first-hand how a small TCF company has developed to its current position, what strategies have been applied, and how Business Excellence principles have been applied.</p>	<p>The history of the business, including setbacks and successes, was outlined. The marketing and business strategy was outlined at some depth, and the learnings were drawn out. How various aspects of business excellence (Leadership, Strategy, Customer & Market Focus, Measurement, Human Resource Focus, Process Management & Business Results) were applied have been handled in the business was described. The 'walk through' of the business demonstrated the application of best practice. Also, the possible areas for improvement, applying content from the series were discussed.</p>
<p>Workshop</p>	<p>Setting new Performance Drivers, Assumptions & Control Measures</p>
<p>29 November 2005 NIETL/NORTH LINK - Program Facilitator, Jeff Ryall Aim: Review the gap analysis and create a development strategy for each firm.</p>	<p>The meeting addressed two final aspects of the program. Product Cost Analysis The cost analysis carried out by participants were workshopped by the group. Costing by product line as originally suggested was reviewed. Other approaches, such as activity-based system (in which all inputs for a product are measured, with wastage factors), and customer costs/profitability analysis were also presented. The trap of amortising costs (e.g. energy costs) across all products was identified. Alternative approaches, such as product audits, were presented. Strategic Business Best Practice The program was concluded with the subject of market positioning and consideration of the firm's value proposition. This workshop also examined essential matters the firm must excel at, in the whole context of Business Excellence, as new markets/existing markets versus new products/existing products combinations are developed.</p>

BUSINESS SUSTAINABILITY AND EXCELLENCE - TCF INDUSTRY

Participating Businesses

Company	Staff	Core Business	Contact Name
Abar Rubber	12	Shoe soles, rubber dough, and intellectual property.	Ashley Allen
Animatica Workshop	2	Inflatable and conventional costumes, corporate and club mascots, meet & greet characters, lightweight oversized character heads, designer fashion costumes and custom made wardrobes for the film and television industries.	Gabe Freeman
Australian Wool Products	3	Manufacture of sheepskin products.	Alison Johnson
Autex	100	Non-woven manufacturer - polyester & wool waddings & insulation.	Neil Adams
Beau Ties	13	Fashion neckware and formal wear.	Terry Smith
Clets Australia	9	Linen manufacturer to markets including linen hire companies, reception and convention centres, linen designers, event organisers, hotels and motels, casinos, restaurants, major laundries, hospitals and more.	Chris Pachos
D Dawson & Co.	12	Manufacturer of market umbrellas & café barriers for small & large commercial companies.	Luke Courage
Est Kids	10	Designers & manufacturers, wholesaler & retailer of childrens' interiors including furniture, linen, clothes & gifts.	David Roberts
Harold Boot Company	15	Manufacturer of hand-made specialty boots.	Ken Watkin
John Brown Hosiery	40	Manufacturer & distributor of mens' and ladies' socks.	Brian Powell
Scuttle Clothing	35	Designers, Manufacturers and Wholesalers of uniforms to Hospitality, Corporate and School Sectors.	Jill Fitzgerald
Viva Sports	7	Sports wear - dance, gym, corporate clothing.	Adrian McLeod
Weblock Industries	3	Manufacturer of synthetic webbing products used for securing, lifting, recovery and safety.	Jason Tait
Wilderness Wear	20	Manufacturer & marketer of technical outdoor clothing.	Philip Endersbee

Mentors

Company	Mentor	Subject
Circa Group	Greg Court	Strategic development, leadership and management of teams in organisations.
Invetech	John McBride	Innovation and its underpinning principles.
Macpherson + Kelly	Paul Kirton	Managing your intellectual property, including knowhow management & security, design protection, trademarks, patents, licensing intellectual property.
NIETL/NORTH Link	Paul Smarrelli	Product cost analysis, operational performance analysis and management; Optimisation of Materials, Information Flow & Inventory Control.
Quality Award Partners	Mike Allison	Continuous improvement – how to focus your people on strengthening customer service, value adding activities, productivity and cost reduction.
Wilderness Wear	Phillip Endersbee	International focus and market leadership.
Yakka Distribution	Mark Eversteyn	Best practice in leadership and customer service through application of technology and performance management.

Case Studies in Business Excellence Culture

Businesses were asked to comment on their participation in the Business Excellence Program.

Individual comments are provided verbatim below to highlight the program, the assistance provided and how it enhanced business excellence within participating organisations.

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



Scuttle Clothing

Better reporting yields better results

"I don't think we would have survived if we had kept going the way we were."

Scuttle Clothing is a sophisticated design house with manufacturing capability. They provide a total uniform solution from design to delivery, for various sectors including education, transport and hospitality.

Each customer represents orders with a range of sizes, encompassing often a number of specific garment styles and applications. This presents enormous challenges in terms of purchasing, co-ordination, and delivery to schedule.

Maintaining timely deliveries has presented an enormous challenge to Scuttle and participation in this program came at a time when they were grappling with this as a major strategic and tactical issue within the business.

The impact of delivery performance on cash flow is obvious and the continued growth and success of this business relied on solving this problem.

One of the most significant 'takeaways' from this program for Scuttle was business reporting. The early emphasis on a balanced scorecard approach that would give predictive abilities to the reporting, was complemented later in the program with more detailed methodologies for reporting by product and customer.

Scuttle implemented this during the program. Better reporting has enabled clearer ownership and accountability to be established. This in turn has enabled better co-ordination leading to better process management and ultimately to better results, particularly in the area of delivery performance.

Now that Scuttle Clothing have developed the tools to give themselves a clearer picture of how they are performing they are preparing to embark on the next major improvement which is to develop a more robust and a defined strategic process.

"I don't know what we as a company would have done if we hadn't joined this program."

"I've loved the course."

"I don't know what we as a company would have done if we hadn't joined this program."

"I've loved the course."



Clets Australia

Cleaning House

Clets Australia is a family owned and operated small business specialising in design and manufacture of linen based products for the hospitality and health care industries.

In joining this program Clets felt that things were 'Okay', but somehow could be better. There were a number of nagging internal problems, there was a desire to take the business into new markets and levels of performance, but what needed to be done tended to be unclear.

Clets has natural advantages for some products in some markets due to their design capabilities, proximity to market, short lead times, and ability to provide responsively in small volumes.

Clets have applied a large proportion of the material covered in these workshops. These are summarised below:

1. Administration/Human Resources

- Defined position descriptions.
- Organisation structure and roles defined.
- Performance appraisals implemented.
- Introduction of incentive bonus.
- Training for multi-skilling and strategic job coverage.
- Work Safety manual developed.
- Internal forms system developed as a basis of the Quality System.
- Developed improved budgeting process and a budgeting cycle.
- Improved the contracts structure and control.

2. Process

- Product re-costing carried out.
- Productivity expectations established with staff.
- Improved sales process to ensure customers provide everything in writing. This enables better planning.
- Established a better production line process.

3. Strategy

- Started to collect competitive intelligence.
- Established marketing plans with clearer objectives.
- Implemented a marketing strategy by building database of potential customers.
- Have identified each market segment and what the strengths/weaknesses of the business are in relation to this.

A range of benefits have been realised already.

1. We now have new ideas for the business that we didn't have before.
2. This program has made us really think about the company and where we are going.
3. It's been a wake-up call for us, particularly in the area of strategic planning and budgeting.
4. There is now more teamwork with less mistakes.

“Things just flow now. We don't have the panic situations we had before.”

Case Studies in Business Excellence Culture (continued)



Harold Boot Company

Racing away with product development

Harold Boot Company is a long established boot manufacturing business. With changes to tariff structures in recent years, much of their original market has eroded. They have become a specialist manufacturer of high-grade handmade footwear for both working and fashion purposes and supply to some well known prestigious retailers in Australia and abroad as well as through a large network of rural retailers.

In joining this program, both product development and operational productivity emerged as the key themes for improvement. The first step towards this was to develop improved communications processes within the business and a regular toolbox meeting approach was established as a starting point. This enabled people to now communicate much more freely in the general context of the business.

The real value of the program emerged when an opportunity arose to develop a new Belmont racing (jockey) boot. The timeframes for product development were very tight and as well, this kind of boot required an approach totally different to that used for conventional footwear. The boot itself had to have an excellent appearance, must weigh only a couple of hundred grams, and at the same time had to incorporate industrial and safety characteristics as a working boot.

Previously the Managing Director would have conceptualised the design by one on one communications with various specialist staff members. Having gone through this program and established

better communications within the business a design team meeting process was established involving suppliers, customers and staff from cutting, machining and making. With everyone involved, everyone was able to understand the needs of each stakeholder, the reasons behind those requirements, and develop solutions as a group. Production problems were identified much earlier and resolved more effectively.

"This was the fastest product development we've ever done, and the best."

Melbourne Cup winner Makybe Diva's jockey who wore the first production examples of this boot also enjoyed the success of this project.

Improved processes however, have not been restricted to product development alone. Other elements of business processes have been improved and the Quality System has been strengthened from the inside out. Examples of this are -

- Business analysis has been undertaken to provide a better idea of where problems exist, and what to do about them. We are not so overwhelmed.
- Production Fact Sheets have been developed and implemented to enable staff to know exactly how to build each product. This has an immediate impact on mistakes. Proper configuration management and change control has been implemented for each product.
- Monthly accounts are now produced and are being taken forward for analysis and product cost evaluation.

- During trials, debrief is now conducted with each operator during the trial and inspection is carried out at each stage. This has had considerable benefits in problem management, improvement initiative, and retention of organisational knowledge.
- A training scheme has been instigated to enable operators to maintain their equipment themselves. This was formerly left to management.

Next steps for Harold Boot Company on the pathway to business excellence are:-

1. To develop a more robust strategic process.
2. To analyse cost centres more closely to then drive productivity improvements.
3. Develop new or different marketing channels to expand production within the current capacity levels.
4. Improve the factory layout to provide better production efficiencies.

"This was the fastest product development we've ever done, and the best."

Program Evaluation

1. Program Evaluation: “Workshops”

On completion of the Business Excellence Program, each participant was asked to complete a questionnaire to evaluate each of the activities and provide a rating as per the scale below.

0	Not Helpful at all
1	Somewhat Helpful
2	Helpful
3	Very Helpful
4	Extremely Helpful

	AVERAGE
1. Introduction and Methodology Publication	2.7
2. The Total Business Excellence Model templates & publication	3.4
3. A Guide to Preparing the Business Excellence Capability Statement	2.9
4. Completing the Business Excellence Self Assessment GAP Analysis	2.9
5. Development of Innovations/Improvements and Growth Analysis	3.3
6. Management and Information System	2.6
7. Industry Tour 1 – Service and Leadership Culture - Yakka Distribution Centre Somerton	2.2
8. Innovation and Improvement Terms	2.8
9. Leadership and Employee Involvement	2.7
10. Maximising Quality and Productivity	3.5
11. Optimisation of Materials, Information Flow and Inventory Control	3.5
12. Industry Tour 2 – Research Innovation and Technology – Invetech Blackburn	3.0
13. Commercialisation, Innovation and Technology Strategy	2.8
14. Industry Tour 3 – International Focus and Market Leadership – Wilderness Wear Preston	3.3
15. Setting New Performance Drivers, Assumptions and Control Measures	2.6
OVERALL AVERAGE:	2.9

2. Program Evaluation: "Benefits"

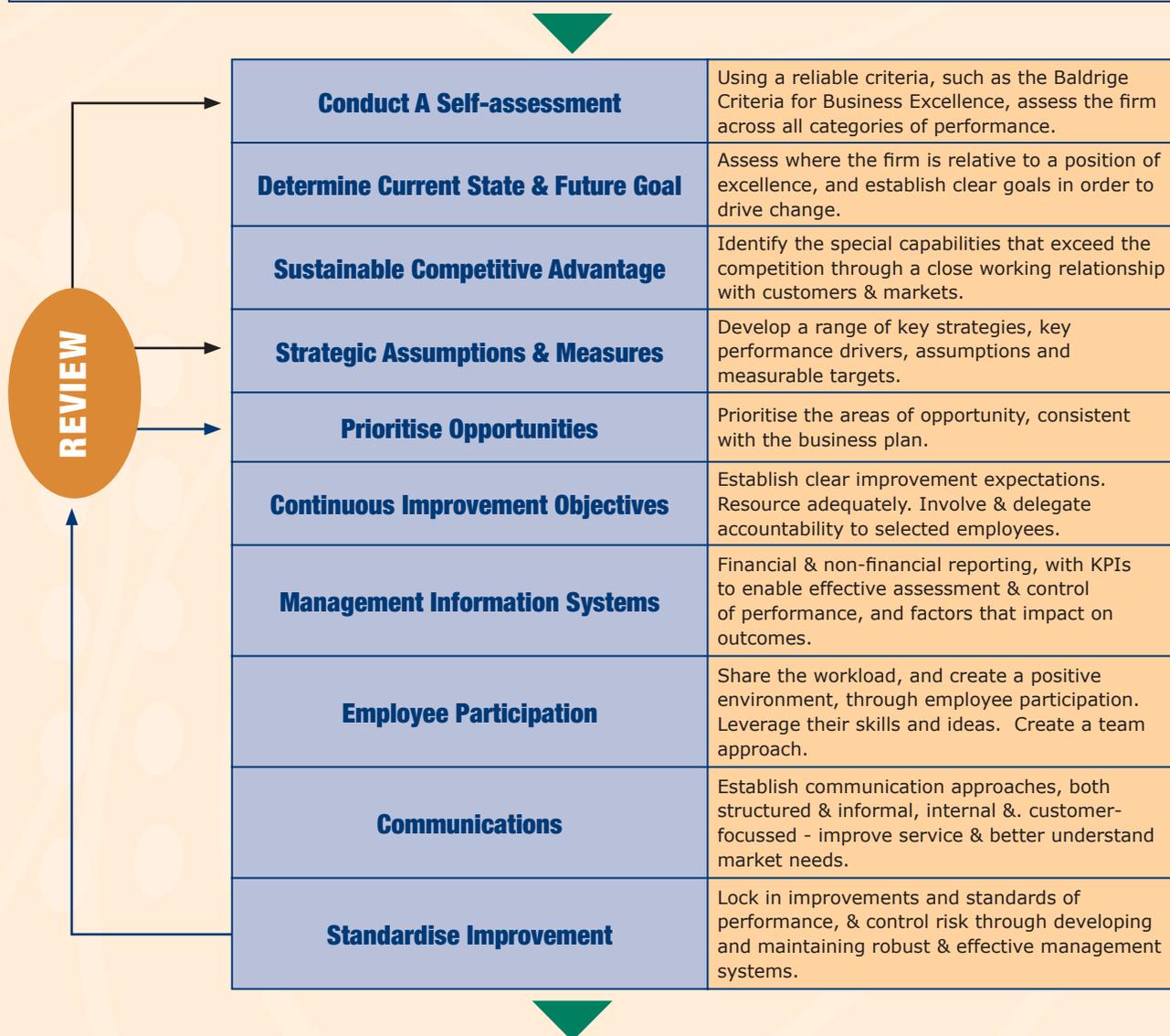
On completion of the Business Excellence Program, each participant was asked to complete a questionnaire to evaluate the program and its benefits to each company.

0	Not Helpful at all
1	Somewhat Helpful
2	Helpful
3	Very Helpful
4	Extremely Helpful

	AVERAGE
1. I would recommend the business excellence program to other firms for participation	3.4
2. The program met its primary objectives	3.3
3. My firm is now better positioned to implement new performance measures and control	3.0
4. The program created awareness for my firm to be more focused on continuous improvements and innovation	3.6
5. The program changed my firms approach towards business planning, strategic planning and monthly performance review	2.7
6. The program enhanced my firms ability to increase productivity, employee effectiveness and reduction in costs	2.3
7. The program created awareness for my firm to be more focused on effective communication practices through leadership and employee empowerment	3.3
8. The program created opportunities for my firm to make useful business connections	2.8
9. The program created opportunities for my firm to experience companies at the leading edge of excellence	2.7
10. My knowledge of a business excellence culture and the features of a high performing company has been improved	3.6
11. My firm is prepared to act as mentor and role model to small businesses	1.7
12. My firm will participate in an implementation series of six meetings between Jan-June 2006	2.1
OVERALL AVERAGE:	2.9

Steps to Business Excellence

Establish a Business Excellence Culture	
Board/Management Commitment & Leadership	Engage all Employees, Customers & Suppliers
Interactive structure, visible, accountable, cross-functional coordination. Led by involved and committed management. Full participation and engagement of all employees in process and outcomes	



Achieve a Business Excellence Company
Is internationally-focussed & competitive - exceeding the competition in quality, service and value - empowered/skilled workforce - zero defects in the process - and is highly profitable.

