



“Business Excellence Essentials: does your business measure up?”

“Business Excellence Metrics”

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Presentation includes:

- Enterprise Connect Initiative
- Business Excellence Essentials
- Benefits from Business Review
- Australian Government Grants
- Business Excellence Integrated Systems
- Business Excellence Industry Analysis



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Enterprise Connect

- \$271 million Australian Government initiative
- aimed at delivering practical support to manufacturing enterprises
- provides comprehensive advice through a Business Review
- access to grants for business improvements and sustainable growth
- specialist know-how and technologies to improve your business performance



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Services and support provided to businesses at ***no cost*** include:

- Independent Business Adviser for each business
- Comprehensive and confidential Business Review at no cost
- Independent validation of your current business performance
- Identification of areas for business improvement and sustainability
- Confirmation of your current best practice relative position in your market
- Opportunities to access Government grants to fund key actions



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Business Excellence Essentials

Top eight recommended key actions for Business Excellence:

- **Financial and Operational Measures** – effective reporting systems, key performance indicators and allocation of cost centres
- **Lean/Manufacturing Innovation** – to optimise supply-chains, build quality into the process, continuous flow-processing, stock management, equipment utilisation and safety
- **Strategic Business Planning** – to implement the essentials for the future including business assumptions, market trends, investments, succession planning and sustainability
- **Leadership Culture** – to communicate policies, values and innovation



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Business Excellence Essentials (cont'd)

- **Marketing and Growth Strategy** – to explore new opportunities through market intelligence and joint venture partnerships
- **Human Resources Management** – to assess employee development and training needs, empowerment and performance management
- **Innovation and Technology Strategies** – to explore new technologies and increase revenue through new product and process innovation
- **Quality Management Systems** – to remove non-value added wastes, build quality practices into both production and administrative functions



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Benefits from a Business Review

Join the Enterprise Connect Program to assess:

- Your business performance against Business Excellence Benchmarks
- Develop key actions, strategies and sustainability

The business review process will focus on:

- High performance - financials ratios
- High performance - market leadership
- High performance - innovation
- High performance - leadership and empowerment
- High performance - operational metrics



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Australian Government Grants

Government initiative designed to boost productivity, profitability and innovation

- **Tailored Advisory Services** – up to \$20,000 to firms that have completed the Enterprise Connect Business Review to implement key findings
- **Researchers in Business** – up to \$50,000 to fund research from universities or public research agencies for new ideas with commercial potential
- **R&D Tax Credit** – will replace the R&D Tax Concession from 1 July 2010,
 - a 45% refundable tax credit (the equivalent of a 150% concession)
 - a 40% standard tax credit (the equivalent of a 133% deduction)
- **Textile Clothing and Footwear Small Business Program** – Closing Friday 26 February 2010. A maximum of \$50,000 is available for each project
- **Export Market Development Grants** – up to \$200,000 per year for 8 years to cover 50% of marketing costs



Australian Government Grants (cont'd)

- **Commercialisation Australia**

- **Skills and Knowledge** – up to \$50,000 to access specialist advice and services: business planning, market strategy, IP strategy, IP management courses and licensing agreements
- **Experienced Executive** – up to \$200,000 over two years to engage an experienced Chief Executive Officer
- **Proof of Concept** – grants between \$50,000 and \$250,000 to assist with testing commercial viability of the business model for a product, process and service
- **Early Stage Commercialisation** – repayable grants from \$250,000 to \$2 million to undertake new product, process or service development



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Business Excellence – Integrated Systems

“How does your business compare?”

Successful companies operate with these policies and systems:

- Annual Business Financial & Operational Planning
- Five Year Strategic Planning
- Marketing & Sales Planning
- R&D Innovation Strategy
- Leadership Culture Policy



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Business Excellence – Integrated Systems (cont'd)

- OHSAS 18001:2007 Standards
- ISO 9001:2008 Quality Standards
- ISO 14001:2004 Environmental Management Standards
- Master Production Scheduling (MPS)
- Manufacturing Resource Planning (MRP)
- Sales & Operational Planning (S&OP)



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Business Excellence Industry Analysis

“An analysis of eight manufacturing sectors”

- Metal Engineering
- Textile, Clothing & Footwear
- Furniture
- Building Products
- Food & Beverages
- Chemicals
- Rubber & Plastics
- Services to Manufacturing



Business Excellence Industry Analysis (cont'd)

Financial Ratios Benchmark Relative Position

Business and Financial Perspective

Benchmark Relative Position

at 75% **at 25%**

• Net Profit before Tax margin %	9.8%	1.5%
• Return of Capital Employed %	25.1%	9.5%
• Working Capital Revenue #	14.2	4.1
• Return on Net Assets %	23.9%	4.2%
• Return on Total Assets %	14.4%	2.4%
• Debtors Collection	48 days	62 days
• Creditors Payments	55 days	85 days
• Sales \$ generated per square metre (factory)	\$4.3k	\$1.5k
• Total Sales \$ per year per full time employee	\$225k	\$140k
• Total cost of production % of annual sales	74%	82%
• Gross margin revenue % of annual sales	26%	18%

Business Excellence Industry Analysis (cont'd)

Customer & Market Benchmark Relative Position

Customer and Market Perspective

- Customer growth % per annum
- Sales growth % per annum
- Percentage of sales from new products
- Percentage of export sales
- R&D Innovation expenditure per annum % of sales
- Marketing expenditure per annum % of sales
- Sales expenditure % of annual sales

*Benchmark Relative
Position*

at 75% **at 25%**

22.0%	7.2%
18.2%	0.9%
9.1%	0.4%
15.5%	0.2%
1.8%	0.1%
1.3%	0.2%
5.4%	1.9%

Business Excellence Industry Analysis (cont'd)

Employee Benchmark Relative Position

Learning and Growth Perspective

- Directs to Indirect Ratio
- Absenteeism per employee per year
- Employee turnover % of full time employees
- Training and development budget % of sales
- Average payroll per employee per year
- Total payroll % of sales

Benchmark Relative Position

at 75% **at 25%**

3.5:1	1.9:1
1.7 days	4.6 days
6.0%	20.6%
0.4%	0.04%
\$49.6k	\$54.5k
24.8%	33.5%

Business Excellence Industry Analysis (cont'd)

Operational Metrics Benchmark Relative Position

Internal Process Perspective

- Customer delivery performance against order %
- Supplier delivery performance %
- Capital investment % of annual sales
- Manufacturing and administration PPM defects #
- Overall equipment effectiveness %
- Stock turns #
- Production schedule adherence %
- Scrap or yield rate %

Benchmark Relative Position

at 75% **at 25%**

99.0%	89.8%
98.3%	79.8%
4.5%	0.8%
1940	15,130
92.6%	59.2%
14.3	6.3
94.2%	80.0%
0.6%	1.6%



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Business Excellence Benchmarks

How does your business compare?

- Complete the Business Best Practice Benchmarks form and return to NORTH Link attention Paul Smarrelli marked '*confidential*', for evaluation and comment
- Consider joining the Enterprise Connect Business Review Program



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Interested?

If you would like to participate in the Enterprise Connect program contact:

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Thank You