

APPENDIX FOUR

The importance of SME self help initiatives and leadership training for improving the productivity and competitiveness of Australian manufacturers

The non-government members of the Taskforce are encouraged by several initiatives being used to better connect small and medium size businesses with each other and to provide leadership training for SME management. In particular the High Performance Consortium Initiative amongst Victorian manufacturers and the *Leadership21* program developed by Enterprise Connect and Mt Eliza Executive Education are examples of practical initiatives that can really make a difference to the productivity and competitiveness of Australian manufacturers.

High-Performance Consortium

Background

The High Performance Consortium (HPC) was established in 2002 with some initial funding from the Victorian Government as part of its Agenda for New Manufacturing. HPC is a not-for-profit organisation that through collaboration facilitates the development of non-competing high potential manufacturing enterprises towards world-class performance. Working together, members achieve tangible business benefits while developing a sustainable World-Class capability in their business and people. The HPC network is a challenging environment that dramatically accelerates each member's progress in achieving and sustaining World-Class business performance and growth.

Whilst HPC was established with some initial government funding the founding directors recognised the importance of creating a sustainable model that would be self-funding once the government funding ceased. Success for participating firms is reflected in growth in areas such as capital investment, employment and exports.

The consortium achieved the goal of being self-funding within four years of being established and continues today to support companies wishing to improve and strive for excellence in this globally competitive market.

The original consortium has changed considerably over the years in response to the changing market dynamics and membership needs.

The initial consortium included 15 member companies but over time membership has been reduced to a more optimum level of 8 to 10 members.

Companies that have participated in HPC over the 10 years include both privately held and local operations of larger multi-nationals. Amongst the companies are:

- Gekko Systems
- Volgren
- Corex Plastics
- AME Systems
- Tatura Milk
- Champion Compressors
- Jayco
- SGE Analytical Science
- Glassform
- Kraft
- PPG Industries
- Elastomers Australia

The model

HPC was originally based on a model from Canada that has been developed and evolved over the years. The directors of HPC have links to consortia in Canada and also routinely present and share best practice models at the North American Association of Manufacturing Excellence conferences. It is estimated that North America has in excess of 85 consortia.

The HPC model is somewhat unique as it is based on an open model to enable members to access suitable diagnostic tools, benchmarking, workshops and experts as required. It applies action learning to address areas of need identified in member companies. This is often achieved through facilitated events or programs to encourage peer-to-peer interaction to implement improvement.

The HPC program is customized and changed each year in response to the feedback and individual member's needs. Each year the members are engaged in a review of the past twelve months and a decision is taken on whether to continue with the consortium for the following year. An important aspect of the HPC model is the whole of business approach and engagement as this supports management in accelerating and sustaining whole of business improvement.

The consortium activities include:

Diagnostic and Benchmarking

Each member undergoes a formal Diagnostic providing an objective assessment of the company's World-Class status and identifies areas for improvement. The diagnostic and development plan is revised annually. Summarised information is presented to the consortium members on progress in Key Performance Indicators providing a further opportunity for benchmarking and performance review.

Consortium Meetings

The meetings provide a forum to learn from peers about the practices and experiences of fellow members in specific areas where they have achieved excellence. Participants must be willing to share their expertise as well as learn from their peers. Specialist speakers are brought in as needed to expose participants to the latest thinking and best practices.

Leaders' Forums

Being globally competitive requires effective leadership and presents many common challenges. These tailored forums enable like-minded leaders to share experiences and challenges, leveraging the knowledge and support of their peers as they strive to improve their business. There are a number of these forums providing support to the various levels of leadership within member organisations.

Training and Workshops

Specialised practical training is held to advance the skill level of people in the areas identified by the member companies. To meet the needs of the member companies training is sourced if available or custom designed if nothing appropriate exists.

Special Network Action Project Teams (SNAP)

A SNAP is comprised of member company representatives that are focused on a specific opportunity or learning area. They are often in the form of a 'Kaizen Blitz' focused on implementation. The power of a SNAP is in the input that peers from other member companies provide, as well as the opportunity for them to reapply learning at their own site.

Communication

Members have access to information on best practices in other parts of the world at the Consortium meetings, on the web site and via the email newsletter. The website includes links to key sites. In addition to the formal meetings, members often talk with other members to seek input on approaches to issues in their business.

Global Search for Best Practices

Consortium members learn from each other, and while some 'Best Practices' exist in the member companies we search the rest of Australia and the world for the latest 'Best Practices'. The facilitators use and expand their network to find the best in Australia and the world to share with consortium members.

Facilitation, Coaching, Consulting Support and Education

An essential role of the Consortium Facilitators is to support companies' progress toward world class. Consulting and coaching support is available for each member to review progress against plans and assist with removing any barriers to improvement. Leading any significant business improvement initiative is both professionally and personally challenging, therefore personal coaching is also provided as required.

The outcomes of collaboration and leveraged learning

HPC uses a customised approach to provide tangible business outcomes to the member companies. The benefits can be measured in many ways including productivity, employment, investment in capital and training, exports and ultimately the financial performance of the business over time. There are many examples of dramatic increases in productivity across HPC member companies over the years. The majority of the companies have also grown significantly over the past 10 years and continue to be resilient despite some very challenging global conditions. For example in recognition of their success and growth Volgren, a founding member, have been acquired by the Marcopolo Group, one of the largest global bus manufacturers, as part its global expansion. The majority of members have also been recognised through various industry awards such as the Victorian Manufacturing Hall of Fame.

Summary

Many companies struggle to maintain the energy and enthusiasm to continuously improve and evolve their businesses. Membership of a collaborative community provides an effective support mechanism for self-help and continuous learning. A whole of business membership can provide some peer-to-peer learning and support across the organisation to enable change.

The initial government support was an important catalyst to enable the creation of a successful model but it must become self funded over time as this is a measure of its value to members.

An open model and a whole of business approach are important, as companies will only survive and prosper if they are addressing the right areas of their business at the right time. The model must be revisited and revised appropriately at least annually.

Membership of HPC also provides managers with an opportunity to access the collective minds and knowledge of their peers to challenge their paradigms and thinking. It also acts as an important source of advice and support.

Non-contributing members must be managed appropriately to improve their contribution or leave such a community. New members also re-invigorate such communities and can act as an important catalyst in renewal.

The High Performance Consortium is globally recognised by their peers to be leaders in the successful establishment and facilitation of such communities.¹⁰⁵

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