



Effective Strategies to Achieve Sustainable Improvement for SMEs.

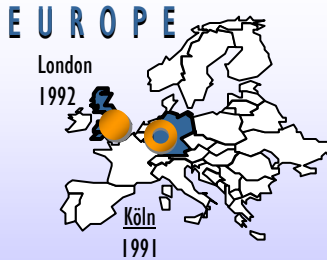
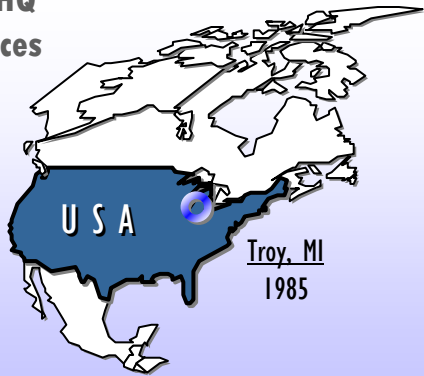
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PAC's Global Footprint

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- Global HQ
- Regional HQ
- Other Offices



Steady & healthy growth in alignment with our client's needs



PAC has worked across the world, including in:

- Argentina | Australia | Bahrain | Belgium | Brazil | Canada | China | Czech Republic | Egypt | France | Germany | Honduras | India | Indonesia | Italy | Japan | Korea | Malaysia | Mexico | the Netherlands | New Zealand | Poland | South Africa | Spain | Taiwan | Thailand | UK | UAE | the United States | Venezuela.



- 1. General Challenges: Understanding the Customer and the Market**
- 2. Strategies**
- 3. Improving the Business: Revolution or Evolution**
- 4. Closing Remarks**



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- 1. General Challenges: Understanding the Customer and the Market**
2. Strategies
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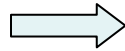
1 - Understanding the Customer and the Market

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Sectors/Industries:

- **Automotive**
- **Appliances**
- **Food / Packaging**
- **Electronics**
- **Furniture**
- **Pharmaceutical**
- **Textile / Garment**
- **Agriculture**
- **Defense**
- **Chemical**



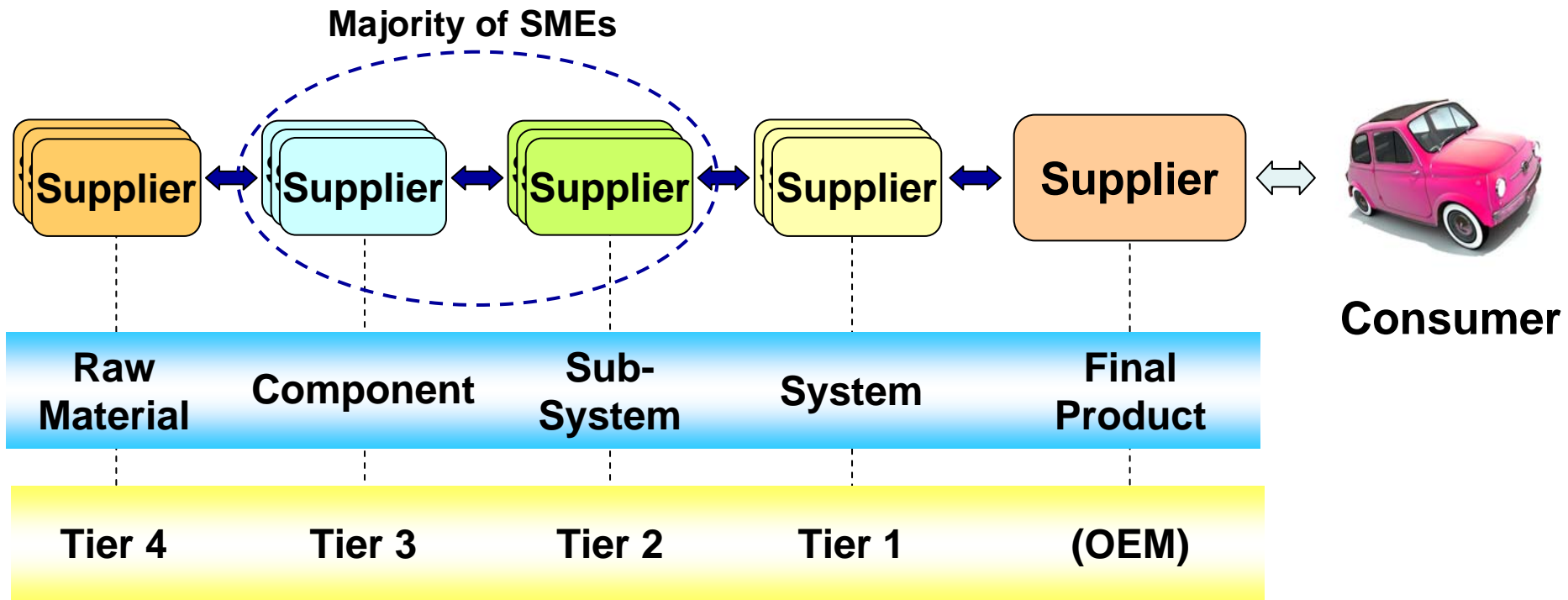
We take the Lessons Learned from the Automotive sector:



- Very Global Industry**
- Very Competitive**
- Many 'Lessons Learned'** (Industry with significant number of failing businesses)
- High Level of Lean Manufacturing Penetration**
- Is seen as a Benchmark; many sectors follow Automotive**
- Mandates TS16949, which is ISO9001+**

1 - Understanding the Customer and the Market

SME as part of a Supply Chain Some terminology

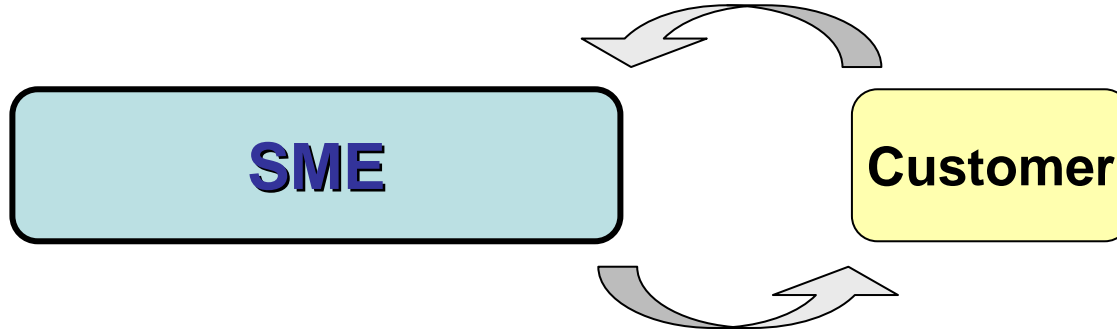


- ❑ Any disruption in an International Supply Chain, has major implications.
- ❑ Therefore, Suppliers must have sufficient **‘Critical Mass’**.

1 - Understanding the Customer and the Market



Customer Expectation



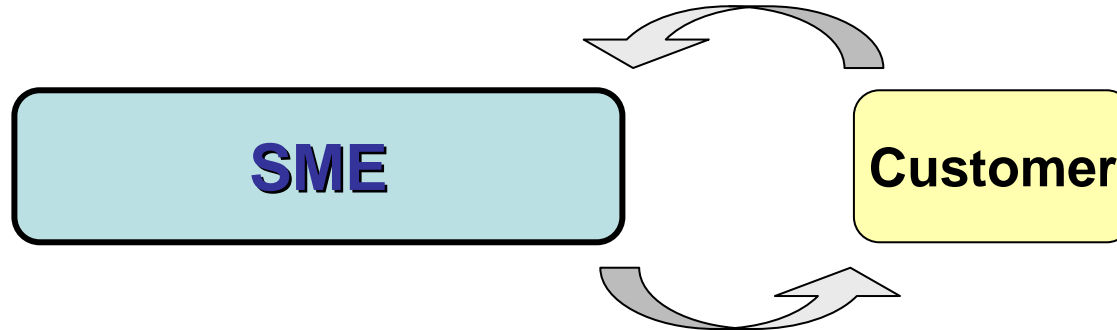
A
Foundation

- Competitive
- Consistent
- On Time

- ✓ Cost
- ✓ Quality
- ✓ Delivery

1 - Understanding the Customer and the Market

Global Customer Expectations



A Foundation

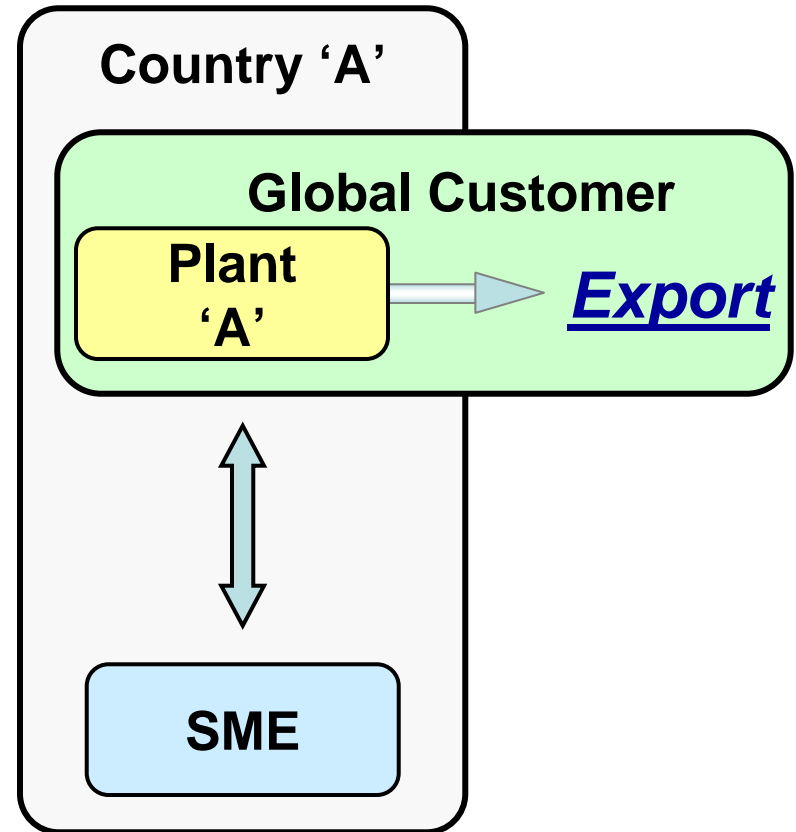
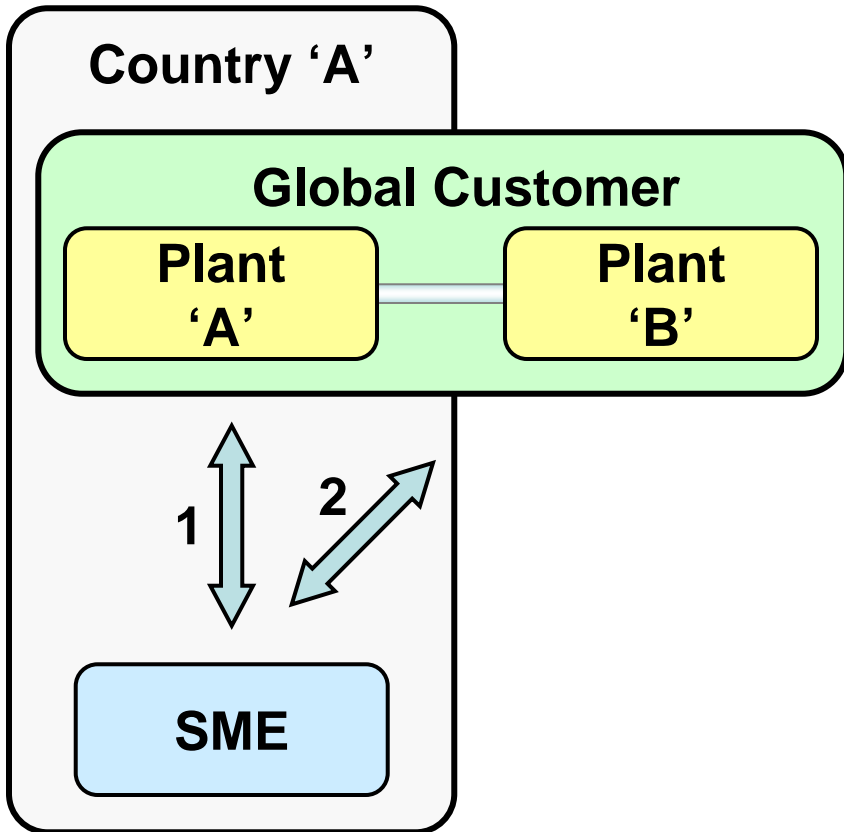
- Lowest, globally
- Consistently high: < 25 PPM
- Just In Time (JIT)
- ✓ Cost
- ✓ Quality
- ✓ Delivery

B Advanced

- Cover larger area of Supply Chain
- 'System' instead of a 'Part'
- 'Leader' in Technology
- ✓ Reduction of Supply Base
- ✓ Increase added Value
- ✓ Innovation
- ✓ Safety
- ✓ Environment

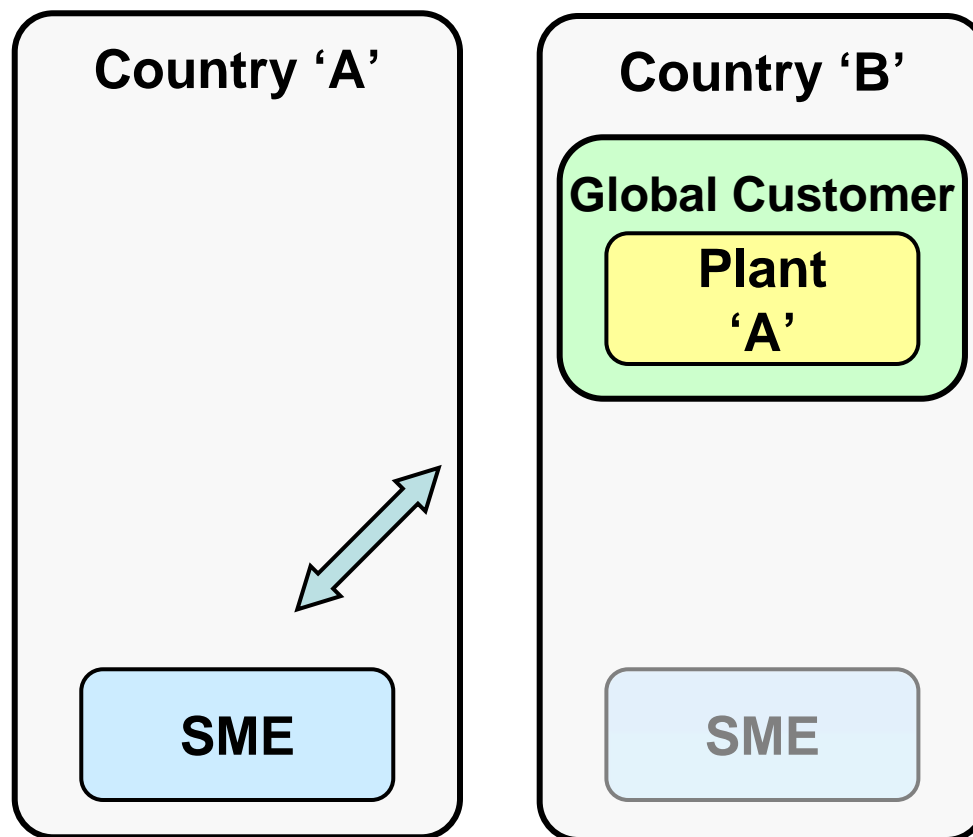
1 - Understanding the Customer and the Market

The (potential) Global Customer operates in the same country:



1 - Understanding the Customer and the Market

The (potential) Global Customer does not operate in the same country:





Why is the SME attractive to the Customer?

What does the SME have to offer over its competitors?

1. Lower Cost

- a) Salary
- b) Logistics/Transportation
- c) Energy
- d) Natural resources
- e) Efficiency

2. Better Quality

- a) ISO9001
- b) Lean penetration

3. 'System' solution

4. Technology/Innovation



1. General Challenges: Understanding the Customer and the Market
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4. Closing Remarks



Two key Strategies to support growth of the SMEs are:

A - Access to Knowledge:

Phase 1: Import knowledge through International experts.

Phase 2: Build local Knowledge through Universities or through Knowledge Institutes. Phase 1 can be used as a 'kick-off'.

B - Access to Technology:

SMEs: Joint Ventures or Technical Agreements.

Government: Universities, FDI projects, tec.



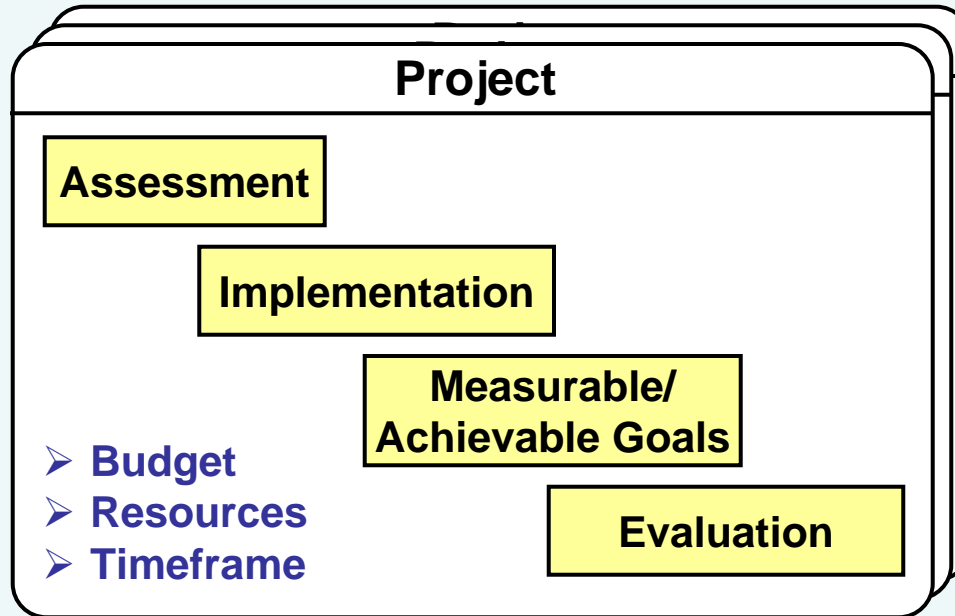
2 – Strategies

Robust Framework for Country/Sector

Policies

Strategies

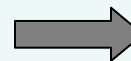
- Effective Method/Approach
- Focus on Success Factors
- Transparency for SME participation
- Clear Roles & Responsibilities and Expectations for all Partners



- **Budget**
- **Resources**
- **Timeframe**

- **Government**
- **SME**
- **Service Provider**
- **(Customer)**

Improve Performance of SME



- **Growth**
- **Export**
- **Jobs**

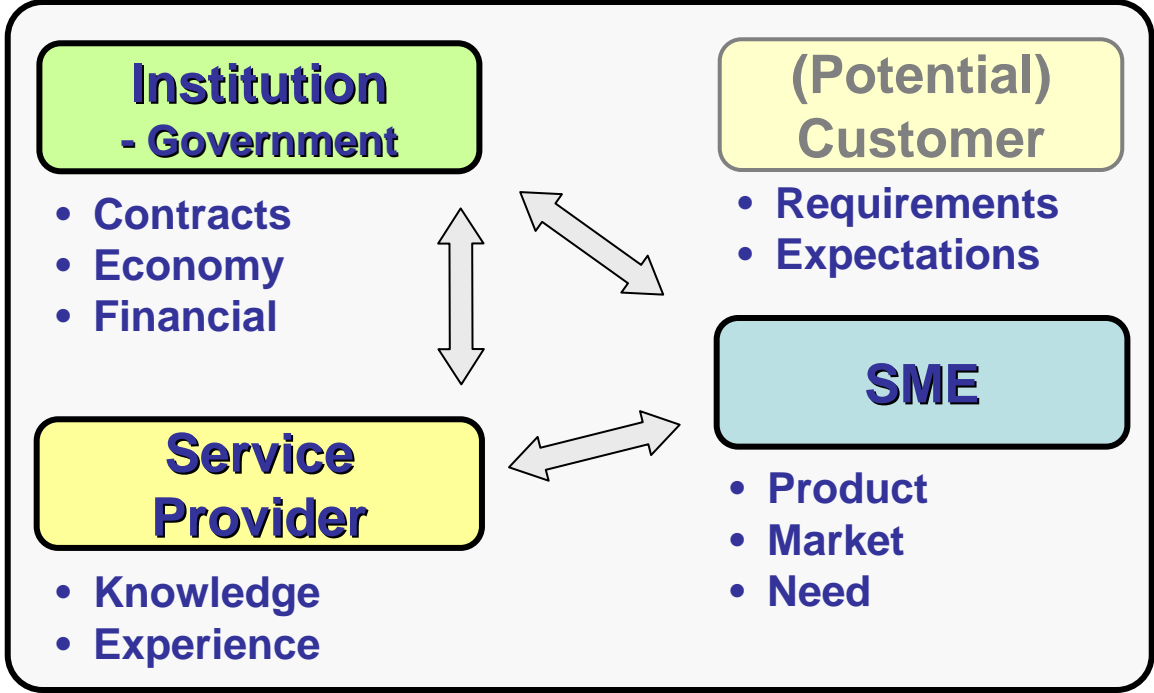


Clusters

To cluster SMEs into one project leads to:

- ✓ **Better overall results, internal ‘benchmark’**
- ✓ **More efficient project, utilization of resources**

Clusters are normally created within one Sector, especially when a Customer is involved.



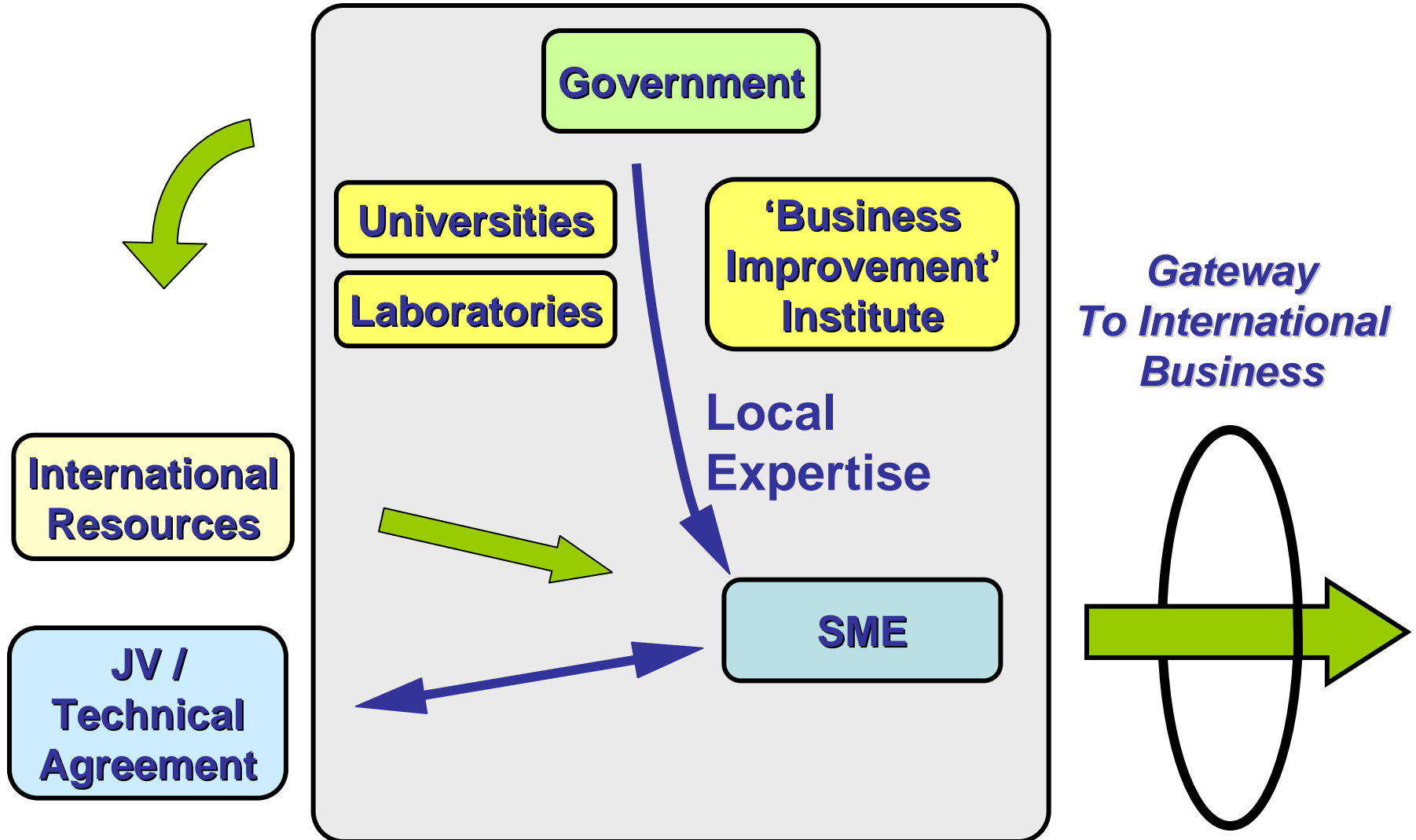
Common Goal:

For the SME to improve Performance and to be Successful.

- Manage different Expertise, Needs and Expectations**
- Ensure effective and efficient Partnership for maximizing success**
- Agree on Robust, ‘Goal oriented’ Process or Method**
 - Product vs Process knowledge
 - T&M vs Deliverable based contracts



2 – Strategies





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1. General Challenges: Understanding the Customer and the Market
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Global Customers will measure the Performance of a potential Supplier.

This is normally done through a Customer-Specific Audit or Assessment. There are many different audits available. An audit results in a score. Many Customer Audits translate the score in a color status:



RED



YELLOW



GREEN

3 - Improving the Business: Revolution or Evolution



Score from a **Domestic** Perspective can be defined as:



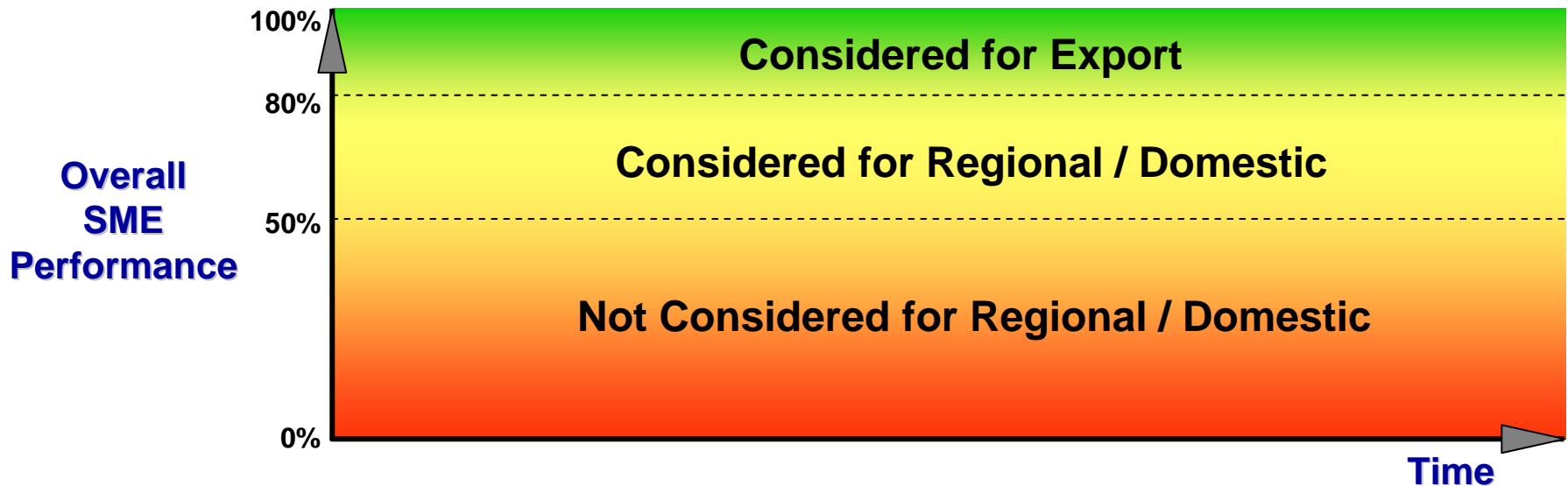


3 - Improving the Business: Revolution or Evolution

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Score from an **International** Perspective can be defined as:



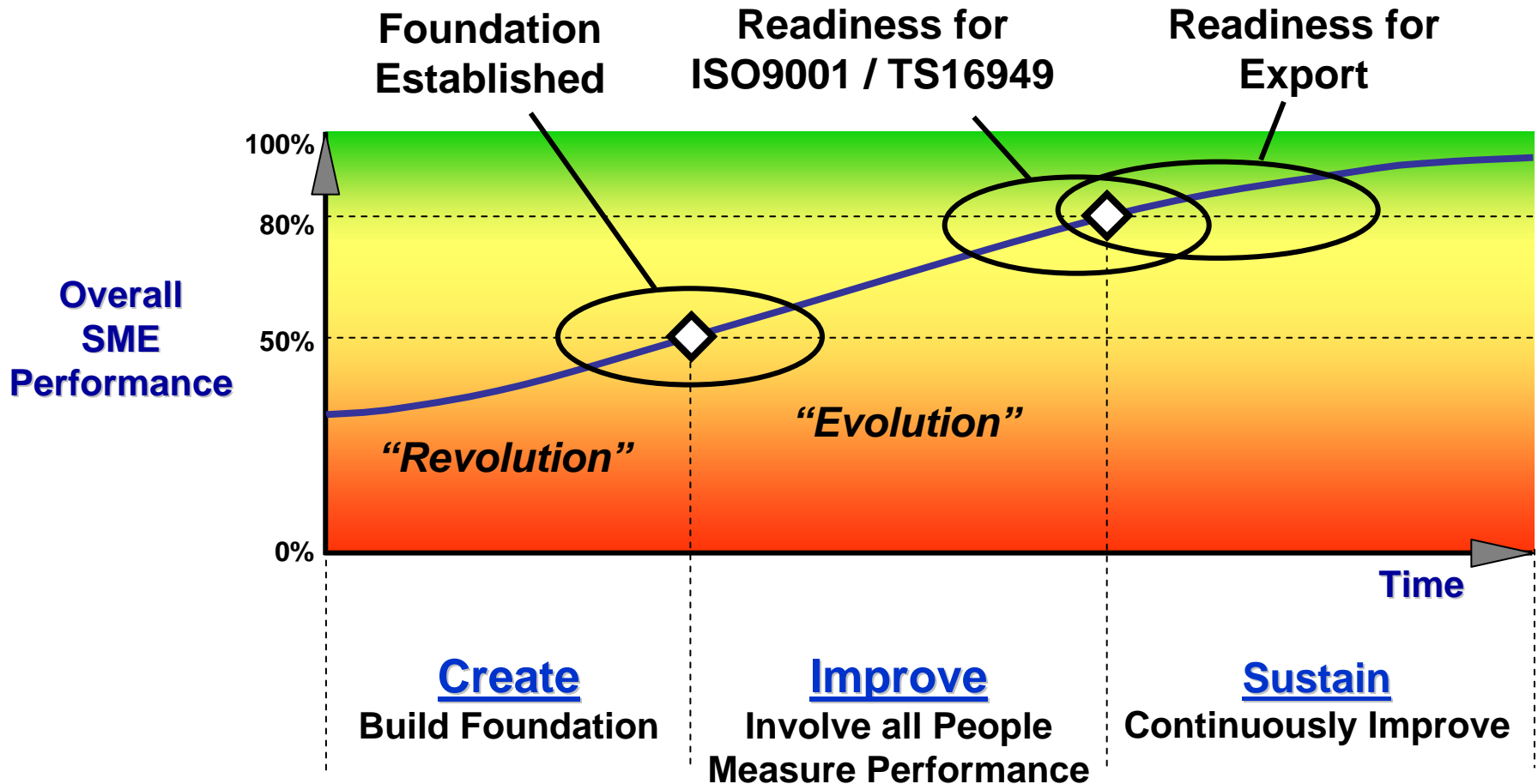


3 - Improving the Business: Revolution or Evolution

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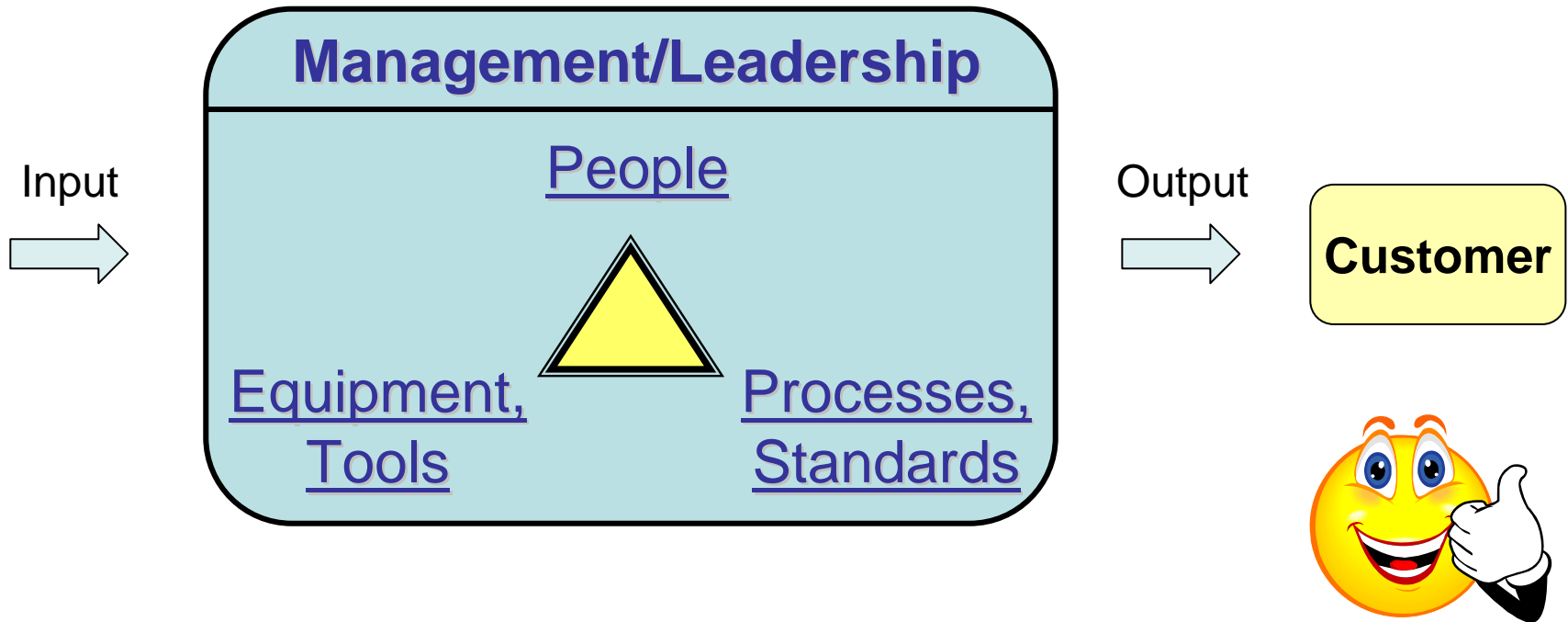
Generic Performance Curve.



3 - Improving the Business: Revolution or Evolution



Schematic view of an Enterprise



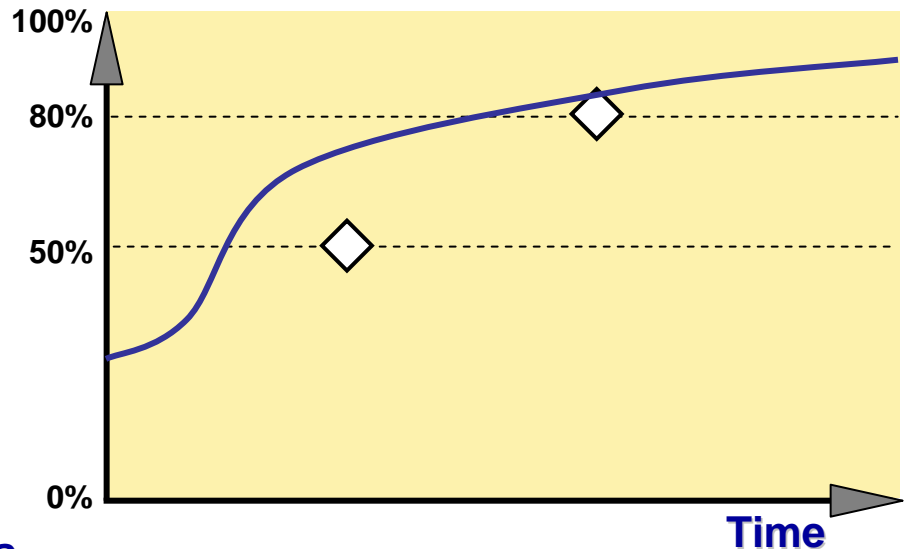
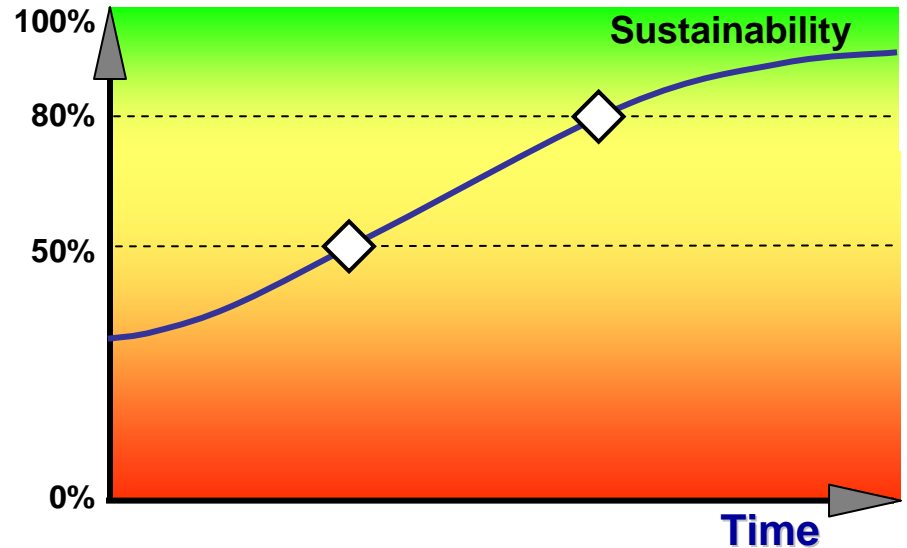
Efficiency in Adding Value to Product in order to achieve Customer Joy.

3 - Improving the Business: Revolution or Evolution

Overall Enterprise Performance

A - Management

- Leadership (Capable Leaders; Lead by Example)
- Business Plan with Measurable Targets
- Performance Measurement (KPI) and Follow-up
- Functional Integration
- Project Management and Business Case Approach
- Process Development and Implementation
- Financial Management, Funding of Projects





3 - Improving the Business: Revolution or Evolution

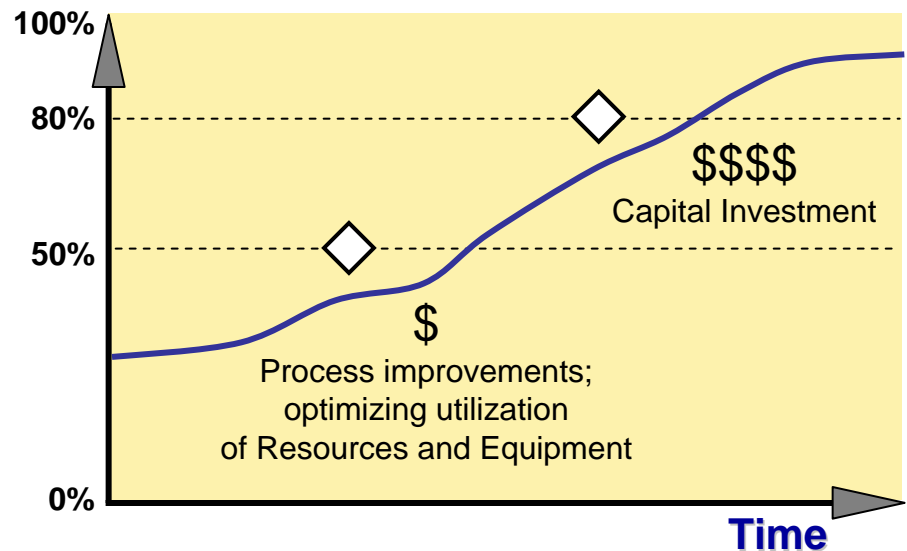
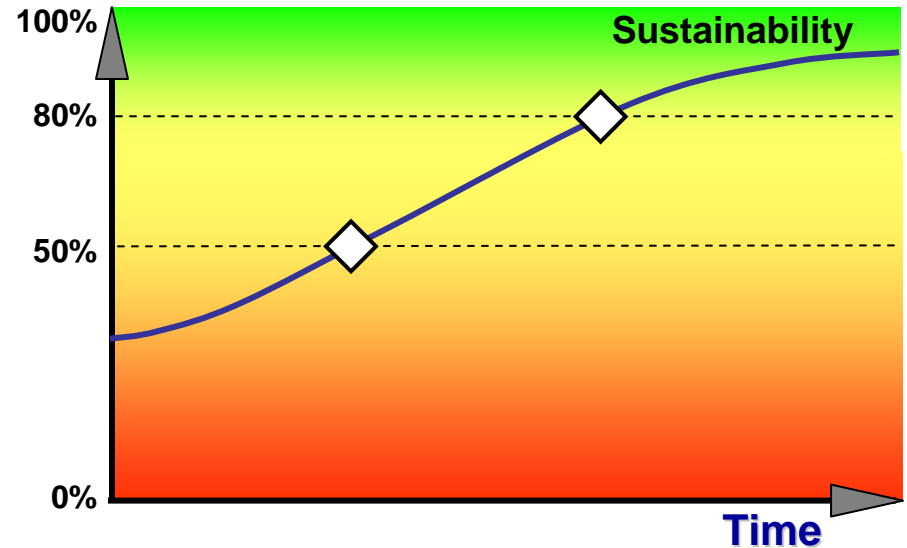
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Overall Enterprise Performance

D - Technology, Tools, Equipment

- Safety
- Maintenance
- Utilization / Up-time
- Bottlenecks
- Lay-out; Material Flow
- Material Management
- Metrology Laboratory (CMM)
- IT / CAD/CAM / SAP / MRP / ERP
- New Advanced Equipment / Technology

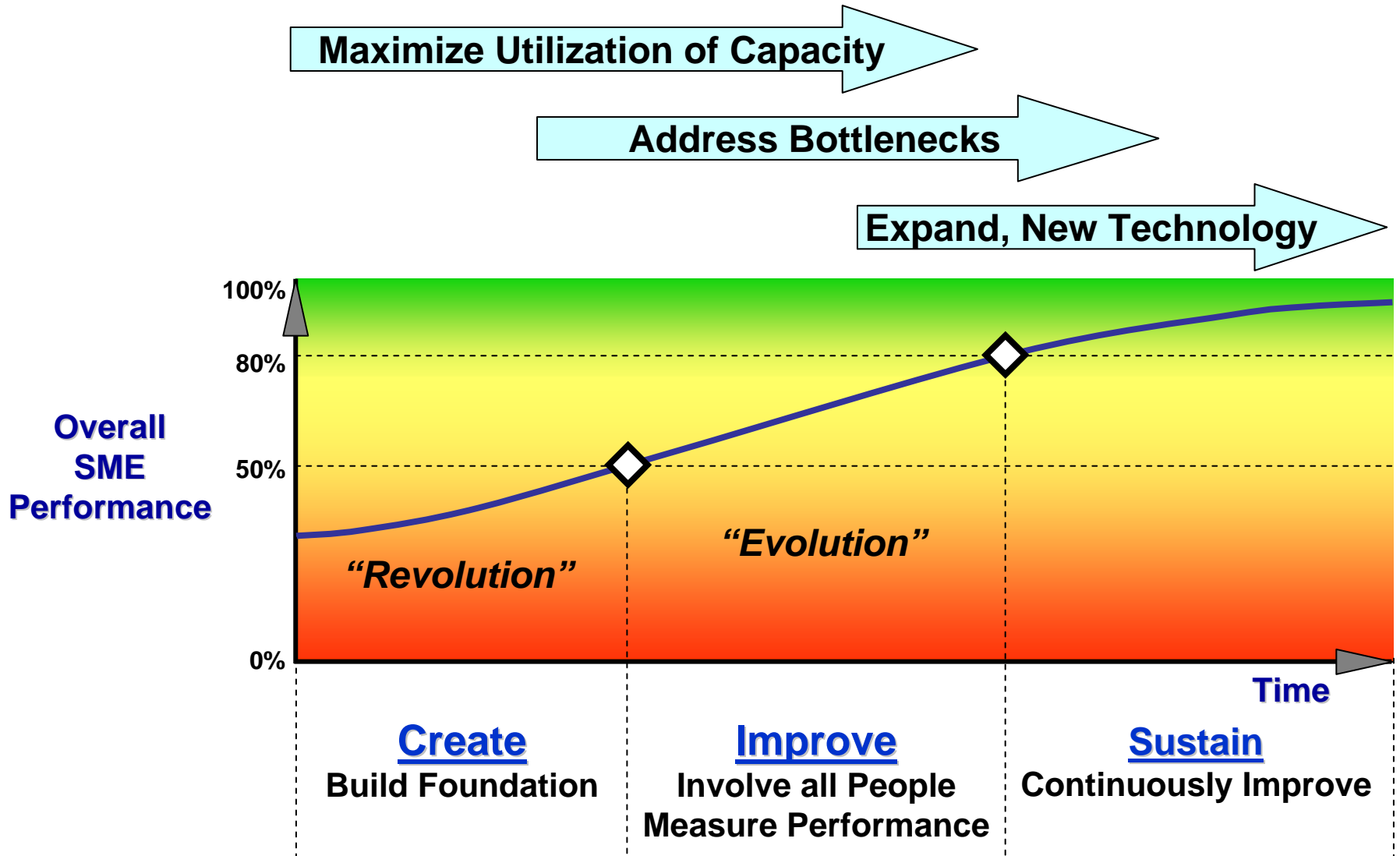




3 - Improving the Business: Revolution or Evolution

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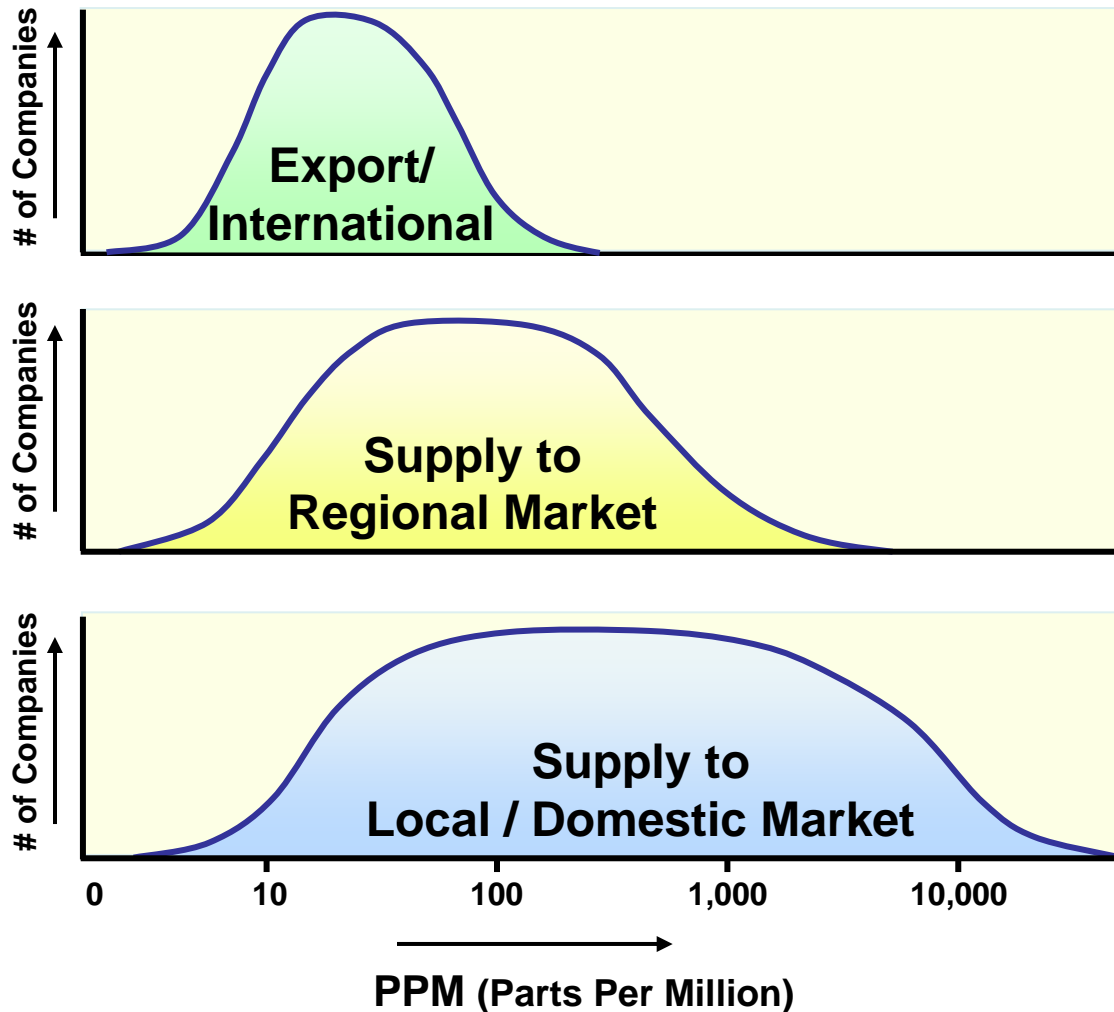


3 - Improving the Business: Revolution or Evolution

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Typical PPM Performance



Defects as received by the Customer are measured in PPM's.

Defect = not meeting requirements

If a Supplier has a Quality performance of 25 PPM, and makes 10,000 parts per year,

the Supplier delivers only:

1 defect every 4 years

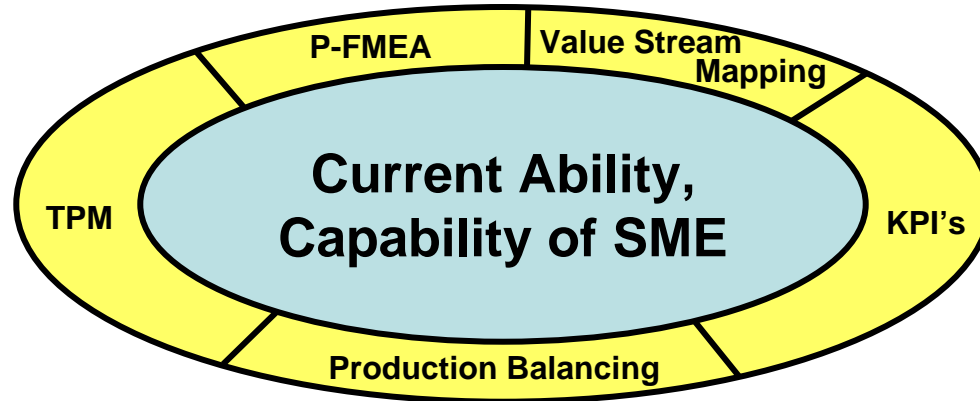
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Over time, the Ability and Capability of the SME will increase.



- Increase in Customer Requirements
- Adding/implementing new Lean concepts to the Production/ Quality Processes
- Continuously Improving current processes

Requires (as an example) knowledgeable Engineers (process, quality).



How does an SME improve its Performance to the standard of its target Global Customer?

Seeks Expert Support (sponsored) to take the following steps:

Step 1: The Assessment; Global Benchmark

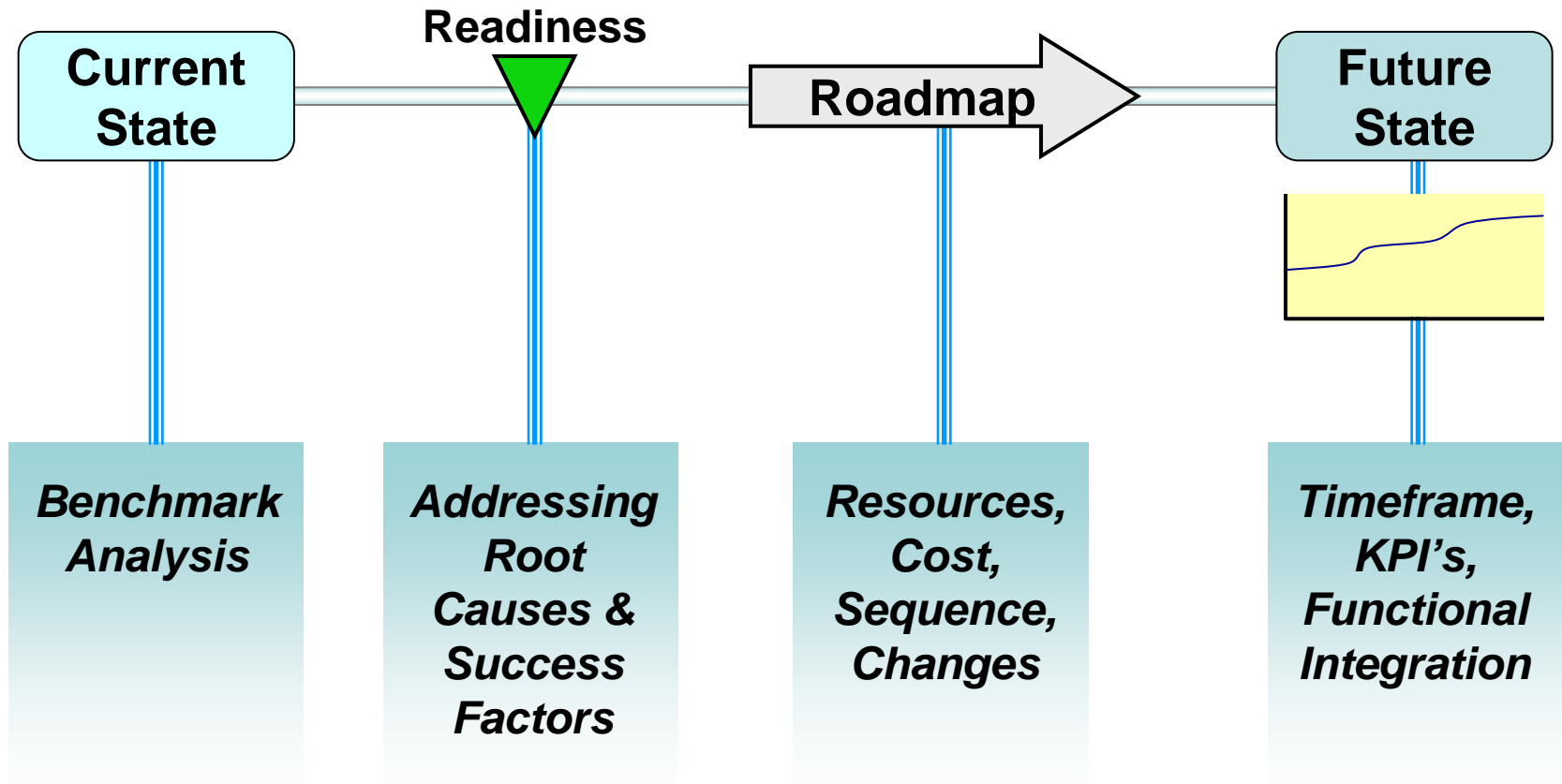
Step 2: Implementation Readiness

Step 3: Implementation of the Gap Closure Plan; Simplicity vs. Capital

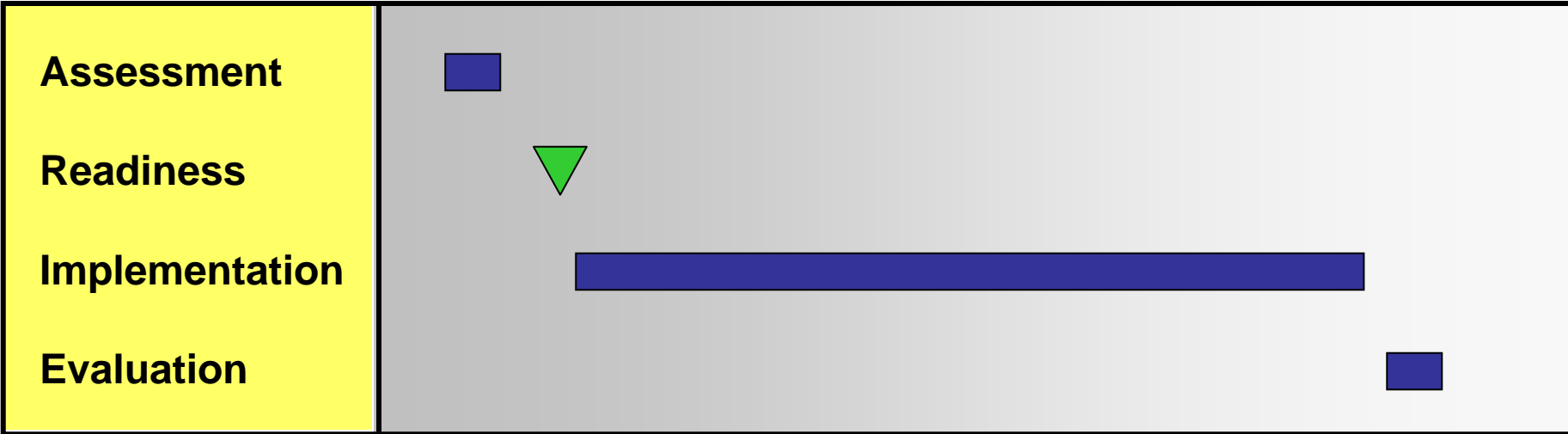
Step 4: Sustainability of the Improvements; the Biggest Challenge



Step 1: The Assessment



3 - Improving the Business: Revolution or Evolution



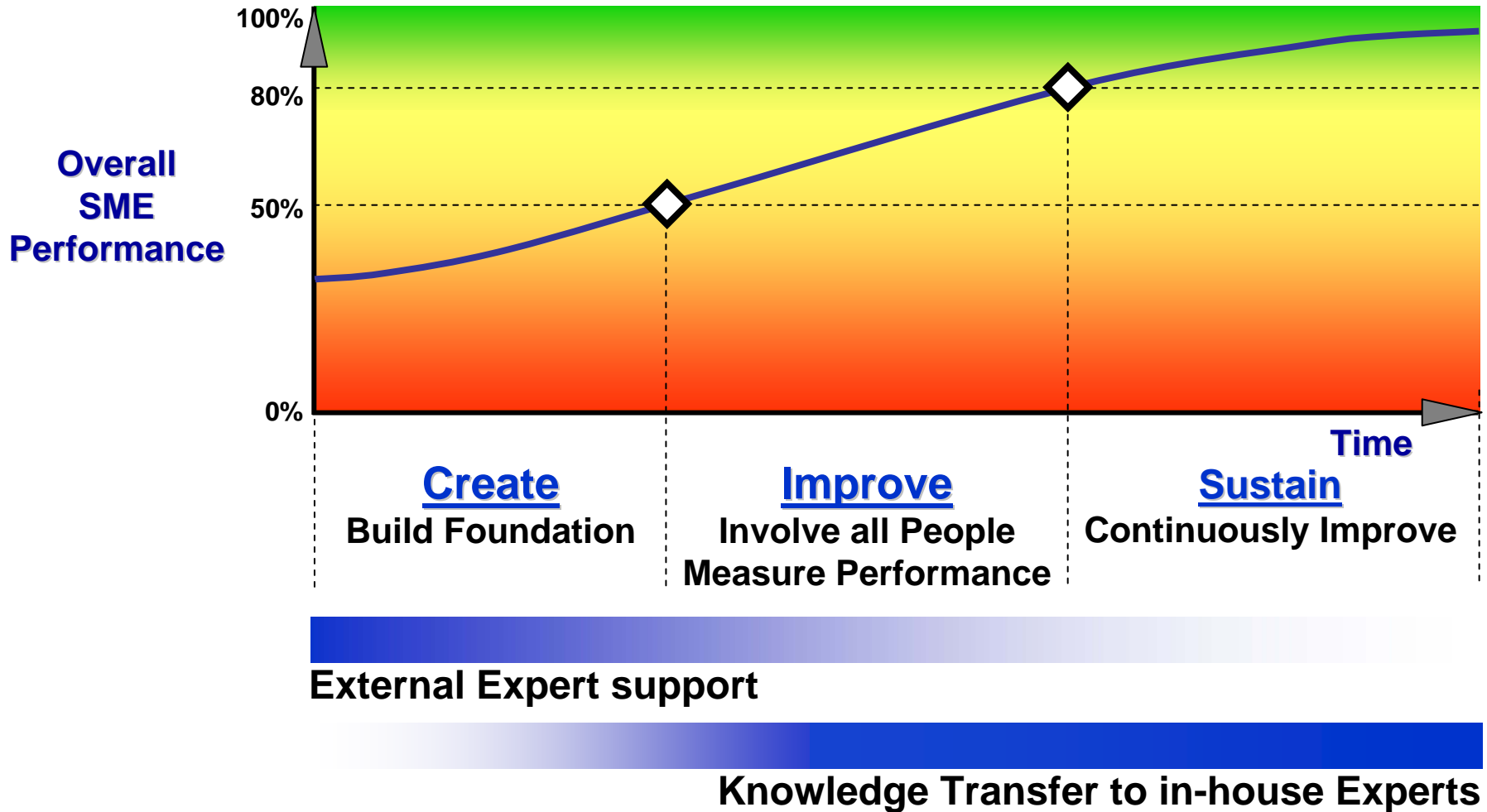
Duration ranges from 6 – 24 months.



3 - Improving the Business: Revolution or Evolution

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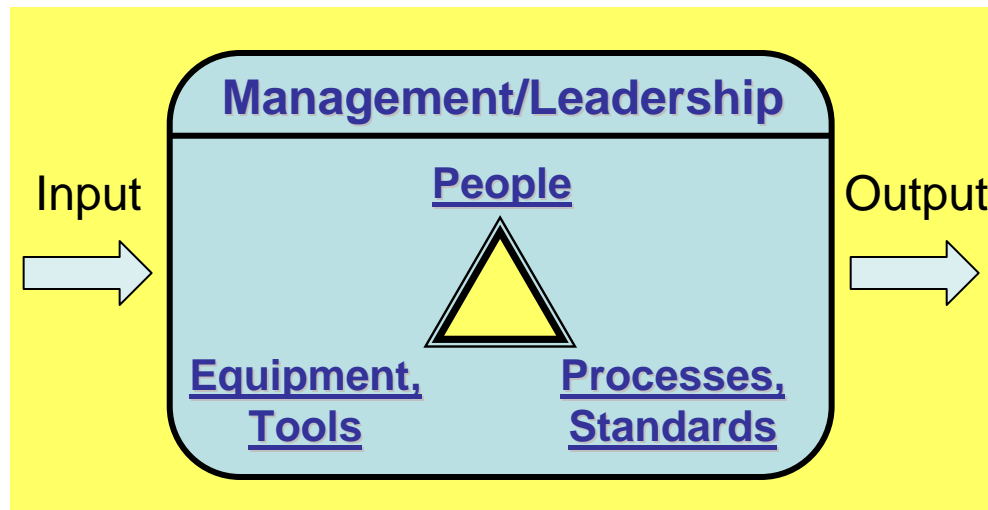
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3 - Improving the Business: Revolution or Evolution

Improving overall Performance will result in:

- ✓ Reduction of Cost (efficiency)
- ✓ Improvement of Quality (consistency)
- ✓ Improvement of Delivery (throughput)
- ✓ Improvement of Morale of employees



Productivity can be improved between 30% and 500%



1. **General Challenges: Understanding the Customer and the Market**
2. **Strategies**
3. **Improving the Business: Revolution or Evolution**
4. **Closing Remarks**



1. **A robust Framework (Country/Sector) ensures effective Improvement Programs**
2. **The Parties involved to work in collaborative Partnership to maximize the ROI**
3. **The Parties involved to agree on a common Approach/Method**
4. **Focus of Improvement Program or Capacity Building Program to be on the entire Enterprise, not just the Production Area**
5. **Optimize efficiency as step 1; utilization of Resources and Equipment**
6. **Start by using International Experts, migrate to local Experts**
7. **Significant Improvements can only be achieved by implementing significant Change; starting with the CEO/Management**
8. **Become a ‘Learning Country/Sector’, apply Lean Tools and Techniques. Every issue which will surface, has been resolved somewhere.**



Thank You.

I am glad to take your Questions.