

Survival of the focussed

Manufacturers should not take their eyes off the main prize

By James Abbott



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The Australian economy has turned the corner and manufacturing activity is on the upswing.

According to the Australian Bureau of Statistics (ABS) in the last December quarter the main contributors to growth in the production measure of GDP were manufacturing with a 5.1 percent increase followed by wholesale trade with a 3.6 percent increase.

But that doesn't mean manufacturers should take their eye off the ball. Should you sit back and wait for the wave to carry you along? No way. And here's why. You are competing in a global market focussed on innovation.

The Chinese government has just launched a national strategy to build an innovation-driven economy and society by 2020 (OECD).

China upped its R&D spending in 2009 to \$25.7 billion, a hefty 25.6 percent increase over the previous year.

Feeling the heat?

So, if you haven't already started on an innovation program you'd better get started – and not just in terms of product.

As Robert B. Zoellick the President of The World Bank Group said recently: "Innovation is the cornerstone of sustained economic growth

and prosperity. We often think of innovation in terms of breakthrough inventions – but it can also be linked to organisational changes and technology diffusion" (OECD). Specifically, the benefits of innovation can include:

- Greater responsiveness to customer demands
- Faster turnaround times
- Reduced waste levels and downtime
- Improved product design and quality
- Greater potential for a wider product range
- Streamlined relationships with suppliers and customers

What does innovation look like?

- Component sourcing – new components, new suppliers or an improved deal with your existing suppliers could improve your products and your profits.
- Materials technology – new materials could improve your products or their packaging and presentation.
- Factory process control – you could automate process control, including quality control, to give better efficiency and products.
- Equipment maintenance – automatic scheduling of maintenance will ensure equipment

is kept running smoothly and ensure you build downtime into the least busy part of the production cycle. This will also enable you to comply with health and safety regulations. Improve equipment efficiency and production flows – this will reduce work in progress

- Stock control and order processing – constantly look for better ways to streamline your order processing and stock control to ensure that you have the right amount of stock.
- Logistics and warehousing – rethink how you deliver your products to your customers so that you take advantage of new transport opportunities and keep warehousing costs to a minimum.
- IT systems – keep up to date with latest developments.
- Accounting procedures – your accounting, invoicing and payments procedures should be streamlined with your stock control and order processing and updated regularly.
- Design and marketing – you could redesign your products to improve their functionality or you could give them a new look to keep your customers' interest and gain new clients.
- Customer and supplier relationship

management – you can gain valuable insights into how to improve your products and their delivery from your customers and your suppliers.

By adopting a more innovative approach Australian manufacturers can match it with their cost efficient global counterparts.

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