



PRODUCTIVITY CONTINUES TO BE THE HOT ISSUE FOR MANUFACTURING

The latest Australian Industry Group/PricewaterhouseCoopers manufacturing survey for Australian industry shows a continuing fall in production and sales, amid rising raw materials costs. This continues the trend from earlier in the year and follows the worst annual decline in sales volumes in 14 years, recorded in 2005.

How should businesses respond to these pressures? Many have already said they will be concentrating on cost-cutting to increase productivity and competitiveness, while others are developing new products, looking to export or increasing use of imported materials.

There are many ways to respond in these circumstances, where a major challenge is to cut costs without damaging long-term capability. Here are some ideas:

- ✓ Focus on profitable products and cut the unprofitable ones. Many companies do not know the true costs associated with each product or service and consequently which are profitable and which are not – now is the time to find out.

- ✓ Look at the productivity of all the workforce – sales, marketing, purchasing and administration, not just the direct production workforce. Who is really adding value?
- ✓ Drive out waste, in all its forms. All processes contain waste that can be eliminated – wasted materials, rework, wasted time, quality rejects, mistakes and so on. There are many tools in the Lean Manufacturing toolkit to help you eliminate waste.
- ✓ Get closer to your customers and deliver what they really want. Do you measure customer satisfaction and more importantly, do you know what underlies it and how to change your business to increase it?
- ✓ Foster innovation and leadership in the management team. New product, process and management ideas are critical for success in hard times.

ACIG can help you develop an integrated plan to maximise your productivity and business performance. Our total check-up can assess the health of your company and identify opportunities for improvement. For a no obligation discussion, please call Gerard Colla on (03) 9650 7222.