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Shaping Business, Transforming Industry

Working with Industry to Develop SME Capability

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Enterprise Connect Objectives

- Build capacity within the Australian Resources Sector Supply Chain
- Help Australian SME's to become more sustainable and competitive in the Resources Sector, globally



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Supplier Education Forum Objectives

- Understand the Resources Sector Risk Profile
- Understand how to de-risk your products and business.
- What assistance can Enterprise Connect offer



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Mining Equipment Technology Services Sector

- ANZ estimate METS sector at \$76.1bn employing 187000.
- Automotive \$4.5 bn
- Wine \$4.3 bn



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Major project

- Gorgon \$43 bn
- Wheatstone \$30 bn
- Projects are long term, high risk and marginal in terms of return on investment.
- Project proponents want to de-risk their investment decision



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Business Sustainability

- Not about carbon or being green
- Cost of induction and qualifying a new supplier
- Product Quality required to de-risk the cost of failure.
- Financial sustainability in terms of payment schedules.



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Your Business Sustainability

Revenue = Vanity

Profit = Sanity

Cash Flow = King

Alan Miltz

Is your business financially stable enough to survive the project payment profile or to service a quality issue.



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Making your business a low risk supplier

- Understand what the customer wants
- Understand your position in the tired supply chain
- Implement the business systems needed to de-risk your own operation.

“Become a supplier of choice”



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Becoming a supplier of choice

Enterprise Connect Business Review:

1. Identify current strengths and areas for development to become 'Sector Ready'.
2. Identify best fit within the supply chain.
3. Formulate practical and effective development plans to bring your business up to the 'Sector Ready' standard.



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Business Review Eligibility

- Turn over between \$1.5m and \$100m
- ACN number
- Been in business for at least 3 years
- Solvent
- Substantial portion of revenue from Resources sector.



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Business Review

- A Business Adviser with specific industry experience
- An Independent business review at no charge.
- Review of current position and strategy to transform your business to become a supplier of choice to the Resources Sector.
- Tailored Advisory Service Grants up to \$20,000 match funding



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RTIC specific tools

- Supply Chain Equation
- Resource Industry Supply Chain Index (RISCI)



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Feedback – SME's

- “Business gold”
- “I feel like I am suddenly 2 years further down our business development path”



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RISCI

A framework to assess a company's capability and readiness to enter or grow participation in a Resource Supply Chain.

Referred to as a company's "Resource Industry Supply Chain Index". RISCI



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RISCI Framework

- 85 Questions based on Resource Sector Pre Qual documents
- Measures:
 1. **Business Capability** as required by the Resource Sector.
 2. **Market Readiness** required to enter the Resource Sector

RISCI – Business Capability

covering 10 areas

- Safety
- Quality
- Estimating & Tendering
- Scheduling & Delivery
- Project Management
- HR Management
- Business Sustainability
- Innovation
- Environment
- Partnerships



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RISCI

Example Question

Can you demonstrate how your managers, supervisors and employees understand and comply with the National OH&S legislation?

“we have not had a lost time accident” will not qualify you to enter the Resources sector



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RISCI

Example Question

Do you have formal management reviews of the effectiveness of your quality system at least on an annual basis?

Failure of your product may have significant impact on the viability of the project. How can you demonstrate that you have the systems in place to deliver the quality required and how current are these systems.



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RISCI

2. Market Readiness

- The market readiness of the company to penetrate the resource sector, in terms of:
- Identified value proposition,
 - Route to market and
 - Competition chance of failure and
 - Risk to supplier of trialling your product or service.

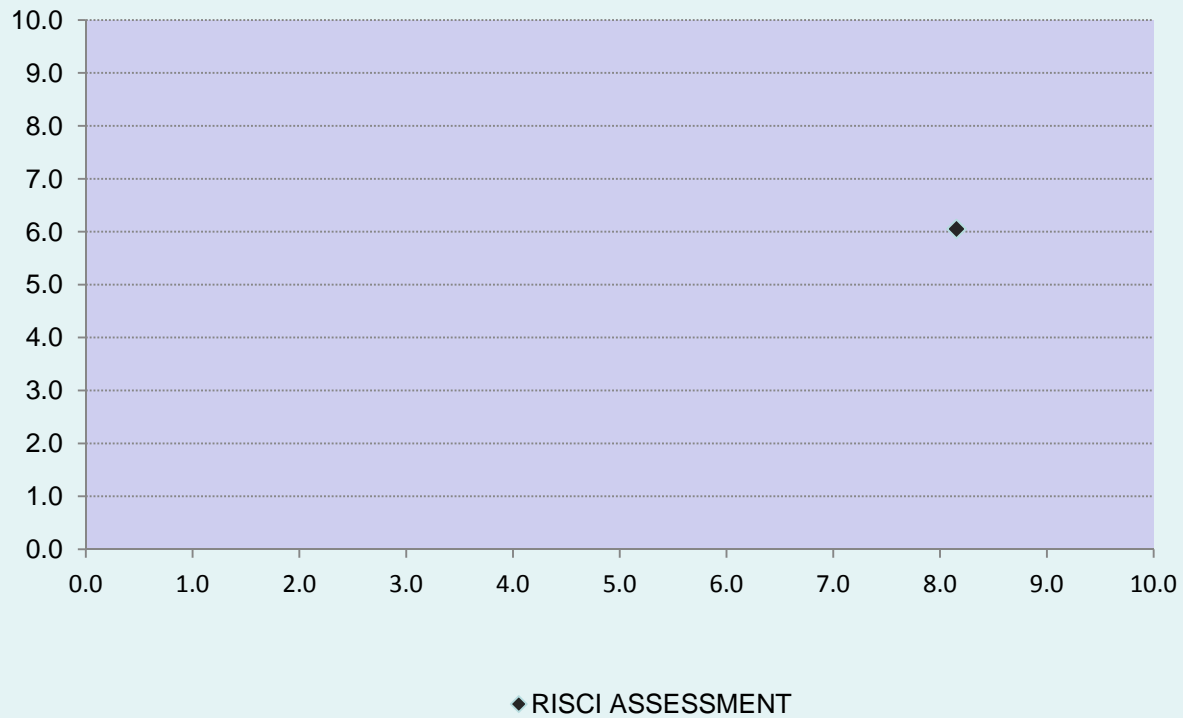


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“Market Fitness” Score out of 10

RISCI ASSESSMENT - COMPANY XYZ



“Market Ready” Score out of 10



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Management/Operational Capability: ("Market Fitness")	MAXIMUM POSSIBLE SCORE	SCORExWEIGHTING = Company Rating	Company %
SAFETY	1500	1270	84.67%
QUALITY ASSURANCE	925	80	8.65%
ESTIMATING & TENDERING	850	750	88.24%
DELIVERY, PLANNING & SCHEDULING	775	495	63.87%
PROJECT CONTROL/MANAGEMENT	750	450	60.00%
BUSINESS SUSTAINABILITY	725	410	56.55%
HUMAN RELATIONS MANAGEMENT	700	380	54.29%
ENVIRONMENTAL SUSTAINABILITY	600	210	35.00%
INNOVATION	500	380	76.00%
PARTNERSHIPS	150	100	66.67%
RISCI "CAPABILITY" SCORE	7475	4525	6.1
	MAXIMUM POSSIBLE SCORE	Company Rating	Company %
Market Ready Test:			
VALUE PROPOSITION	1525	1040	68.20%
ROUTE TO MARKET	1100	950	86.36%
CUSTOMER RISK PROFILE	875	875	100.00%
COMPETITOR PROFILE	750	600	80.00%
RISCI "MARKET READY" SCORE	4250	3465	8.2



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RISCI – Success Factors

Requires resource sector knowledge, together with business improvement expertise in order to assess a company's potential "Supply Footprint" and capability within the Resource sector



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How to get Help

- www.innovation.gov.au
- Dale Thompson
- Mobile 0407 819 522
- Dale.thompson@innovation.gov.au



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Conclusion

The Resources Sector is

- High stakes
- High returns
- De-risk your business to become a supplier of choice
- Be realistic about what you can achieve
- Contact Enterprise Connect for help.



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