

industrial products outlook

Prosper or perish



The first part of the paper discusses the importance of maintaining accurate records of all transactions and activities. This is crucial for ensuring transparency and accountability in any organization. It also highlights the need for regular audits and reviews to identify any discrepancies or areas for improvement.

The second part of the paper focuses on the role of technology in streamlining operations and improving efficiency. It explores various digital tools and platforms that can be used to automate repetitive tasks, enhance communication, and provide real-time data analysis. The author emphasizes that while technology is a powerful asset, it must be implemented thoughtfully and with proper training to maximize its benefits.

The third part of the paper addresses the challenges of managing a diverse workforce in a global context. It discusses the importance of cultural awareness, effective communication, and providing opportunities for professional development. The author suggests that organizations should foster an inclusive environment where all employees feel valued and motivated to contribute their best work.

In conclusion, the paper underscores the need for a holistic approach to organizational management. It calls for a combination of sound financial practices, strategic use of technology, and a commitment to human capital development. By addressing these key areas, organizations can build a strong foundation for long-term success and growth.



Australian industrial products companies have a choice: they can either step up to the mark and change the way they think and act, or they can continue to do things the way they always have and perhaps make refinements here and there to their business models. If they do the latter, it is our considered view that they will not survive.

Industrial manufacturing has become a new world and the challenges that go with it need to be addressed immediately. Many companies are doing just that. But there are just as many companies that are not.

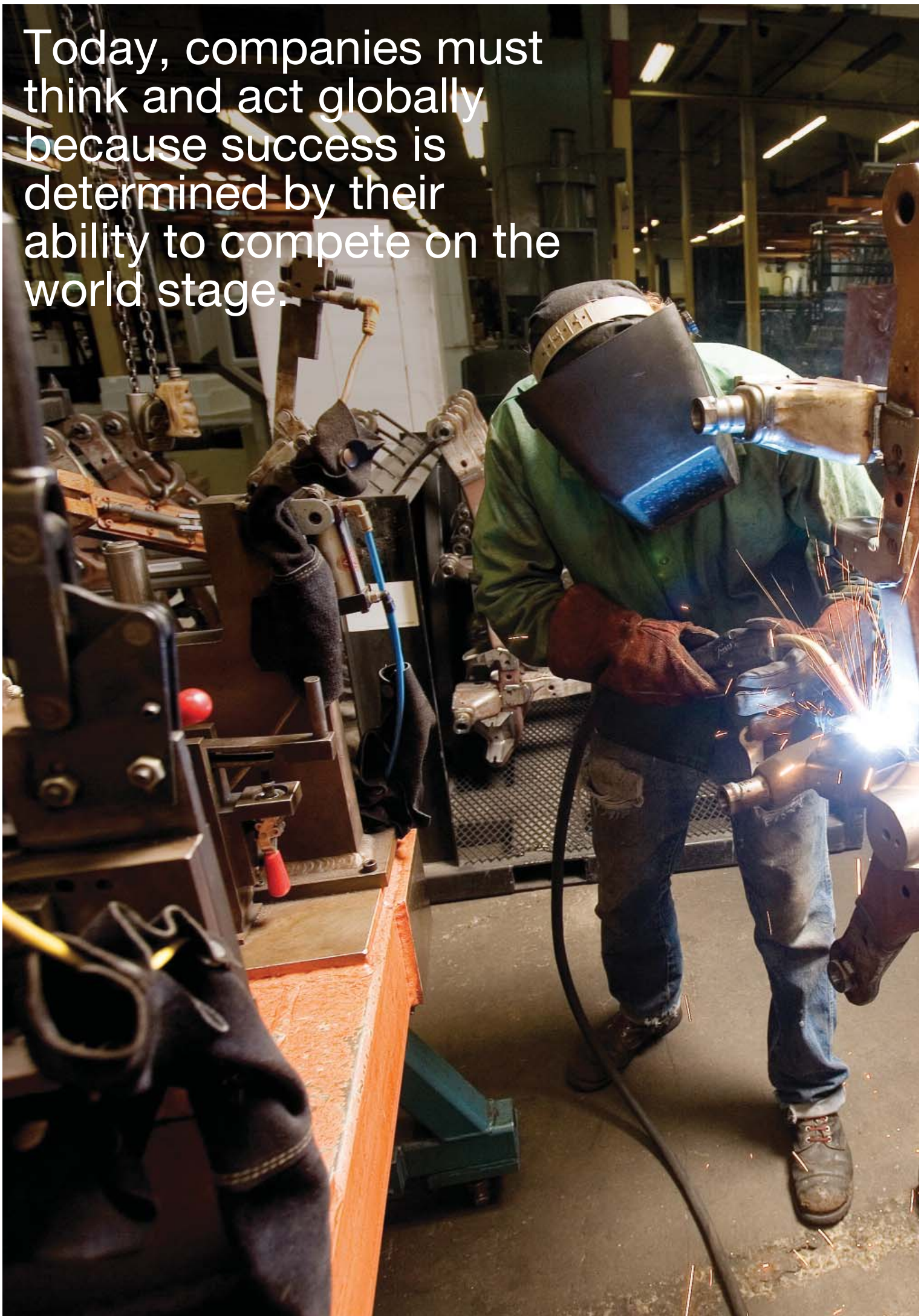
The industry is confronted by rising input costs, the threat of low-cost sourcing countries, skills shortages, business complexity and the need to innovate. All require companies to rethink their business strategies. Productivity needs to be reignited to levels that will drive economic growth.

Change has become the constant – and it must be embraced. Companies need to invest in technology and invest in people who are prepared to innovate and who are prepared to take a punt. The future of Australian manufacturing is at stake.

A handwritten signature in black ink, appearing to read 'Graeme Billings'. The signature is stylized with a long horizontal line extending to the right.

Graeme Billings
Industrial Products Leader
PricewaterhouseCoopers
June 2007

Today, companies must think and act globally because success is determined by their ability to compete on the world stage.



Prosper or perish

Australian manufacturers have been thrust into the global marketplace in an unprecedented way. They have been forced to look at new and better ways of doing business across their entire operations. Today, companies must think and act globally because success is determined by their ability to compete on the world stage.

Change has been fast and profound. Ten years ago, Australian manufacturers were happily making widgets for a domestic marketplace. Today, they are restructuring, soul-searching and trying to define their place in a new world order. Many are in a state of flux; looking to outsource, seeking export markets, investing in technology and pursuing innovation in the form of new products.

In five years' time Australian manufacturers will want to be able to look back and see that their survival strategy was a success. They will want to be global players with a healthy export business and a constant cycle of review. This goal requires that they make a number of strategic decisions about rising input costs, offshore sourcing, business simplification, innovation, skills shortages and productivity.

Addressing these areas will be crucial if manufacturing is to be sustainable. Initially, many Australian manufacturers viewed globalisation as a disruptive force. They have since come to realise that what starts out as disruptive often becomes destructive. How Australian manufacturers respond to the challenge of having to perform on the global stage will determine whether they prosper or perish.

The Outlook

- Offshore sourcing will continue to redefine the Australian industrial landscape.
- Competitive pressures, long-term contracts and customer reluctance will make it difficult for manufacturers to pass on cost increases.
- Australia will be competing with more than three billion low-paid workers entering the world economy from countries such as China, India and Russia.
- The rise of China will continue to alter the way Australian companies think about production efficiencies, import sourcing and supply chain modifications.
- Industry consolidation and an increase in regulation will continue to increase business complexity.
- The shortage of skills in Australian manufacturing, already a serious issue, will worsen unless management improves.
- Success and prosperity in the global economy will depend on our ability to compete with others on the basis of value delivered by innovation.
- New technology and investment in R&D will continue to be the great enablers in finding more efficient ways to improve products and create markets.

The impetus for change

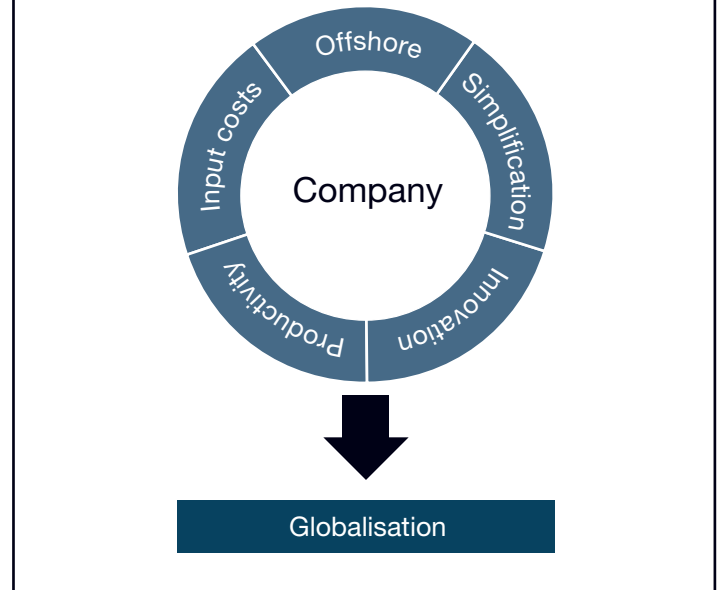
Manufacturing in Australia has changed dramatically over the past decade and will continue to do so as companies respond to economic conditions and the pressures of globalisation. A domestic focus is no longer viable. Companies must look offshore as they seek a new competitive edge and map out strategies to survive and prosper into the future.

Australian manufacturing's past, present and future

Ten years ago	<ul style="list-style-type: none"> • Making nuts and bolts • Domestic focus 	Sitting back
Now	<ul style="list-style-type: none"> • State of flux • Looking to outsource • Adding value • Seeking export markets • Investment in technology • Innovation – new markets/ products 	Soul searching and restructuring
In five years	<ul style="list-style-type: none"> • Survival strategy was a success • Global player – inputs and exports • Constant cycle of review 	Winners

To do more than just survive, companies must make difficult decisions. Those that thrive in the new world of industrial manufacturing will make strategic decisions that address rising input costs and the challenges of offshoring, find new ways to lift productivity, simplify complex business processes, and be prepared to innovate.

Making strategic decisions



Benefits when sourcing offshore in emerging markets

A company's success on the global stage can be measured by its ability to integrate its operations across the world. Such integration takes various forms, but it all contributes to globalisation.

An important component of the move towards globalisation is how companies engage in offshore sourcing and how they manage global supply chains. Such sourcing can either be importing components and production of final goods offshore or sourcing offshore and assembling locally.

Offshore sourcing will continue to redefine the Australian industrial landscape. The Australian Industry Group (Ai Group) says the level of offshore intensity – offshore activity as a percentage of sales – is forecast to rise from 27.9 per cent in 2006 to 31.7 per cent in 2007.¹

This means more local companies must look for value in their dealings offshore. In particular, they should understand the implications of small-scale manufacturing runs, which may make it unprofitable to source offshore. Other issues include exchange rates, logistics – especially shipping and customs – and working capital costs.

¹ *Business Prospects for Australian Manufacturing in 2007*, Ai Group, January 2007.

Despite such issues, there are compelling statistics that support the case for sourcing offshore. For example, the labour force in China is more than 740 million and the average monthly labour cost is \$USD120 a month. In contrast Australia has a labour force of 10 million and an average monthly labour cost of \$USD3,600.

Further, there are about 3 billion low-paid workers entering the world economy from countries such as China, India and Russia. They are not low-skilled, just low-paid, and Australia will be competing with them. In general, economies in the emerging world are dynamic. Those in the developed world are stable.

A PricewaterhouseCoopers survey of Australian-based manufacturers in December 2005 showed that more than 30 per cent of respondents achieved a minimum saving of 21 per cent – and as much as 50 per cent – on unit costs when sourcing offshore. They also expect a 15–25 per cent increase in savings over the next three to five years.

Australia's original equipment manufacturers provide a fine example. They have adopted global sourcing arrangements, buying components from China, Europe, Mexico, Thailand and the United States. The impact on their costs has been significant.

An important player in all of this right now for Australia is China. The emergence of China is altering the way Australian companies think about production efficiencies, import sourcing and supply chain modifications.

China is now the chief source of foreign inputs for many manufacturing companies. But there are several ways to transact with China, such as:

- increasing exports
- making greater use of Chinese inputs in domestic production
- selling Chinese-made products domestically
- establishing a presence in China such as a manufacturing operation.

The trend of sourcing from China is expected to strengthen substantially over the next five years in most manufacturing sub-sectors. Offshore sourcing can lower production costs, improve competitiveness, enhance productivity and allow companies to focus on more complex, value-adding parts of the manufacturing process.

Apparel maker Emu Ridge provides a good example of how a local manufacturer can diversify and become more innovative and dynamic in developing a global supply chain to establish new export markets. However, it is also a cautionary tale as the company eventually failed because its growth, outsourcing, logistics and costs were not effectively planned or managed.

In 1994 Emu Ridge started manufacturing merino sheepskin boots in Geelong for the local surf community. Production soon expanded to include clogs, boat shoes, casual sneakers, sandals and thongs.

The company then embarked on a new strategy to take advantage of the increasingly global nature of production in the textile and clothing industry. The strategy recognised the importance of having an efficient supply chain and maintaining control over all aspects of it, including sourcing raw materials, tanning, manufacturing, marketing and distribution.

Emu Ridge further expanded its global strategy by establishing a joint venture manufacturing facility in China to make a new range of designer clogs, moccasins, sneakers and boots. The components were sourced, inspected and cut in Australia and then shipped to China for further processing. This eventually led to the complete outsourcing of manufacturing to a number of Chinese suppliers.

Unfortunately, the company's rapid expansion into North America and Europe was not sufficiently financed or controlled, causing severe liquidity issues. Logistics issues with its Chinese production also meant that once stock reach the US it had to be express couriered to many customers to meet their delivery windows. This additional freight cost exceeded the cost savings achieved by sourcing in China and was one of the factors that put Emu Ridge into voluntary administration.

The experience of many local manufacturers proves that offshore sourcing can be an effective way to maintain or grow profit margins. To ensure success, Australian manufacturers should validate their existing cost base, understand the implications of offshore sourcing across their supply chain, and balance any cost savings with extended timelines.

Business simplification to drive growth

Growth is the number one priority for most companies. However, they face many obstacles. Companies are now bigger and more complex than ever before – a result of industry consolidation and aggregation, and increasing regulation. For example, following a merger or acquisition, many business functions and costs are duplicated, which can hinder growth.

The answer is to reduce complexity: simplify all operations to reduce costs. It would be instructive for Australian manufacturers to take heed of how private equity firms focus on operational effectiveness and efficiency. This would allow them to find immediate cost savings and to transact more efficiently. Ultimately, this should result in growth, cost decreases, margin expansion, and a sharper focus on compliance and culture.

Some companies get into trouble financially because they become too complex. Once a company starts to decline it is often too late for it to be saved by a new dedication to simplicity. Australian manufacturers should cast a critical eye over their entire operation and decide what is unnecessary and a barrier to growth.

No relief in sight on rising input costs

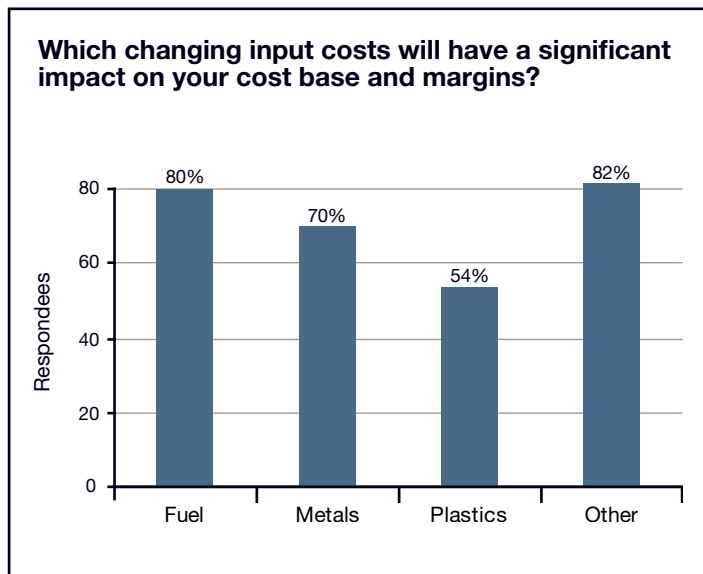
Margin erosion is front of mind for all Australian manufacturers. If the cost of inputs such as metals, fuel and plastics continue to rise and margins continue to fall, Australian manufacturers as we know them will go the way of the dinosaurs.

There is a limit to how much cost companies can take out of their business. While some larger businesses are absorbing costs to drive competitors out of the market, most companies need to find ways to pass on higher prices to customers. This is a difficult task. To be safe, we believe manufacturers need price flexibility of at least 30 per cent in order to handle fluctuations in input costs.

Consider the experience of Global Engineered Fasteners Pty Ltd, which traded as Ajax Engineered Fasteners, a maker of high-strength nuts, bolts and other fasteners for the automotive industry. Ajax went into voluntary administration in 2006 after it unsuccessfully tried to negotiate price rises with all of its automotive customers to offset rising input costs. The increases were essential for Ajax to remain viable as steel prices had risen up to 75 per cent from 2004 to 2006, however its contracts did not allow increases to be passed on.

This is a salient example of what can go awry and indicative of the attitude of Australian manufacturers to rising input costs.

A PwC survey of Australian-based manufacturing in September 2006 reveals that as raw material costs continued to grow strongly manufacturers are feeling the pressure. While the seasonally adjusted net balance of firms reporting high raw material costs was steady at 57 per cent, in adjusted terms raw material costs rose in all 12 industry sectors.



To do more than just survive, companies must make difficult decisions. Those that thrive in the new world of industrial manufacturing will make strategic decisions that address rising input costs and the challenges of offshoring, find new ways to lift productivity, simplify complex business processes, and be prepared to innovate. The same survey revealed that across Australian manufacturing, only three sectors – food and beverages, textiles and miscellaneous manufacturing – expect higher prices for their products over the coming year.

The extent to which Australian manufacturers can pass on input cost increases is minimal. About 92 per cent said they cannot pass on the majority of their input cost increases, apart from fuel. Manufacturers said the barriers to being able to pass on cost increases included competitive pressures (87 per cent) long-term contracts (28 per cent) customer reluctance to pay (50 per cent) and an ineffective sales force (6 per cent).

Due to a reliance on commodities, there are many companies – such as Amcor, OneSteel, Orica and Smorgon Steel – feeling the heat of input cost rises. And it's not just the big end of town. This price pressure is just as strong for mid-market companies.

When raw materials comprise a high percentage of their cost base, it can be difficult for manufacturers to keep pace with the speed at which commodity prices have risen. A spike in costs can increase by up to six months the time lag before prices can be adjusted.

For example, in 2006 Amcor Flexibles had almost 700 million (A\$1.2 billion) in interim sales but had to absorb 30 million (A\$51.5 million) of cost increases. This was because about 30 per cent of the cost base for Amcor's flexible packaging business in Europe is raw materials.

Steel manufacturers OneSteel and Smorgon Steel have been able to pass on higher costs in recent years. Smorgon Steel had to rebound from tough conditions when margins were squeezed by high prices for scrap metal used in its furnaces, while imports limited its ability to boost prices.

Orica is the latest manufacturer to reveal it is feeling the impact of the boom in commodity prices, with the company set to pass on price rises to customers in 2007.

An inability to pass on costs is usually the result of the fixed-price nature of certain contracts; the speed of commodity price rises; the bargaining power of clients; the commodity nature of a manufacturer's products; and intense competition from rival manufacturers.

Australian manufacturers need the agility and ability to pass on costs. This is of course easier said than done but they can start by re-evaluating their position in the value chain, strengthening their negotiation skills and improving market awareness of the issues.

Skills shortages constrain productivity

Competing on the global stage with sustainability is all about creating a competitive edge and doing things differently to the way Australian companies have always done things. Many have left untapped an important resource that can give them that edge – people.

Productivity suffers when companies fail to attract the right people – at all levels of the organisation – with the right level of engagement and alignment to the company’s objectives. Major change is not only dependent on technological advances and process improvement but also on people with the right mindset to drive new initiatives.

PwC’s *Business Insight Survey September 2006* revealed that 81 per cent of companies had experienced a shortage of skilled labour and 64 per cent experienced difficulty in securing skilled labour over the preceding year.

The Ai Group produced a report called *The Australian Skills Fund* in September 2006. More than 85 per cent of companies surveyed cited “building the skills base” in Australia as the strategy required for remaining competitive.

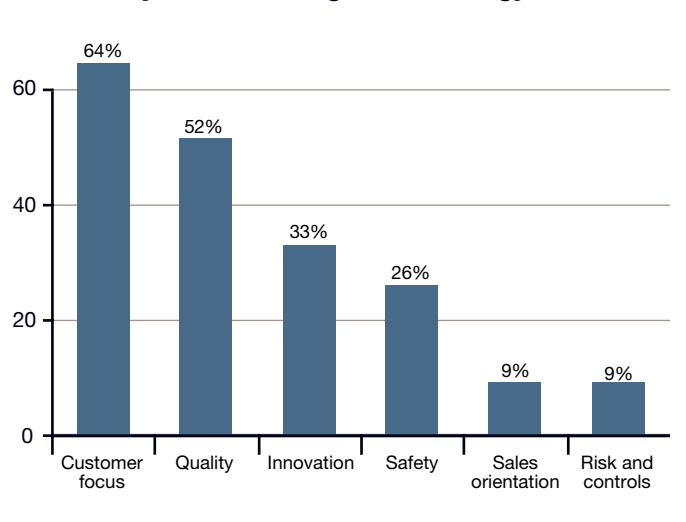
Half the Australian workforce does not hold post-school qualifications and yet only 13 per cent of the available jobs are suitable for such workers.

Australian Bureau of Statistics figures released in February 2007 showed unemployment had dropped to 4.5 per cent, below the 5 per cent that economists have regarded as full employment. This means Australia has remarkably redefined the concept of full employment. As a consequence, the skills shortage is likely to persist and wage rises are likely to become an increasing problem for local businesses.

Australian manufacturers are seriously short of skilled labour and not just of blue collar workers. This shortage is prevalent at all levels – from the factory floor to mahogany row. For companies to compete on the global stage, management skills need to expand and improve. It is the responsibility of management to define the value proposition in their company and to ensure opportunities exist for employees to grow and develop.

About 53 per cent of respondents to a PwC survey of Australian-based manufacturers in December 2006 do not have an internal program to support the development and alignment of people to the culture of their company. However, 52 per cent believe the alignment of people and culture is critical to a business’s growth strategy. Clearly, this situation needs to change.

Which two areas of cultural development are most critical to your business growth strategy?



The link between skills and productivity is vitally important. The skills shortage represents a major barrier to improving productivity as a driver of performance. Yet productivity improvements are fundamental to industry sustainability and prosperity and to ensure we remain internationally competitive.

There are real concerns now that the productivity level of Australian workers – how much is produced for every hour worked – is only 83 per cent of the productivity level of American workers, and falling.²

The ANZ bank says Australia’s productivity miracle seems to be over and that productivity growth in Australia has reverted to its poor, long-term average.³

The relationship between skills shortages and productivity can best be seen when looking at the main barriers to productivity. Those barriers are:

- an ageing workforce, causing a loss of skills
- the talent exodus from Australia – some never to return – also resulting in a loss of skills
- demand for more skilled workers
- existing labour that requires upskilling.

² Australian Bureau of Statistics; US Bureau of Economic Analysis; University of Groningen Growth and Development Centre Total Economy Database 2007.

³ ANZ chief economist Saul Eslake, at the *Challenges Facing the Australian Economy* – Ai Group/PwC Economy 2007.

The ante has been upped on Australian businesses, and hence Australian management teams: they must remove these barriers to be able to compete on the world stage. Australian manufacturers should integrate their people strategy with their business strategy, consider flexible working conditions to retain the people they need, and get key stakeholders to work together to address any skills shortage. Strong people skills across all levels of management will be crucial in extracting the most value out of their organisation's human resources.

Innovation is ideas that add value

There are more than 1.5 million registered companies in Australia yet only 67 have a research and development spend greater than \$10 million. Australia is ranked 24 in innovation in the World Economic Forum's *Global Competitiveness Index 2006–07* in a field led by Japan and the United States. India is ranked 26.

Innovation is how a company builds its strength to compete. It is vital to Australia being able to participate and succeed in the global economy.

Consider what proportion of your products is truly innovative. If this proportion is low then your customers can probably source replacements for your products within two weeks. If your customers have such a choice and can take their business elsewhere with such speed, it is obvious your business is vulnerable.

Innovation is defined by the Business Council of Australia as:

...the application of knowledge to create additional value and wealth. Innovation is much more than invention. Specifically, it requires that knowledge is used in a way that provides benefits through additional value-add.

Success and prosperity in the global economy will depend on our ability to compete with others on the basis of value delivered by innovation.

But innovation is not just R&D. It is also about products, markets, people and processes. It is about transforming business to create new value that will be driven by management in understanding market needs.

There are concerns about Australia's continued underperformance in R&D. Australia is being surpassed by relatively small countries such as Finland and Ireland, not to mention the economic powerhouses of China and India. In five years, China will have the intellectual property to compete with the best globally. India is only about five years behind China. In comparison, it took Japan many years to become a market leader in the automotive and electronics industries.

China's growing commitment to innovation as a basis for intensifying its move up the value chain is impressive. It has the third largest R&D spending in the world behind the US and Japan. It is a world leader in the education of engineers. For example, about 39 per cent of China's degree holders (aged 24) are engineers, far above that of the US (5 per cent) and other Asian countries such as South Korea, Taiwan and Japan.

China's industrial/technology parks have been designed to attract Chinese students from abroad. It has about 60 such industrial parks housing more than 4,000 businesses created by more than 10,000 returned Chinese students.

What should Australia do?

We are reminded of the words of Sir Digby Jones, the director-general of the Confederation of British Industry, at the Ai Group National Forum in 2005:

In Britain, we have to move to the value-added, innovative, branded quality end of the provision of goods and services in a globalised economy. If you're going to make sure that India doesn't have your lunch and China doesn't have your breakfast then use your brains in the manufacturing process and you'll survive. As developed economies you can't do what you did yesterday and get by. You can't define innovation as an invention, you've got to take innovation to market and you need to do it globally. Leave little cars (no profit) to other countries where they can make money out of it because of on-cost labour costs and investment. Make Jaguar and Range Rover engines.

The number one issue is that Australia has not been spending enough money on R&D. We need to change. If we don't get the incentives right then we will never be able to compete with others and lift Australia's poor record and current position on innovation.

Everyone must play a part to create a more innovative Australia. Business alone cannot do it all. Other key stakeholders such as governments and educational institutions have a role to play. Financing and venture capital are essential. And of course, fundamental to all this is an economic environment conducive to business.

Policies are needed to encourage investment by multinationals in local intellectual property, boost R&D spending by Australian companies, encourage non-technical innovation within organisations, integrate supply chains and assist in market opportunities.

Initially, the most important thing the Australian Government can do is reassure Australia that manufacturing is vitally important to this country and has a significant role to play in economic growth – irrespective of what the industry will look like in the future. It also needs to encourage companies to innovate.

Specific policies on tax reform, innovation incentives, export market development incentives, skills development and transport infrastructure improvements, as well as the reduction of regulatory burdens, will all play a role in strengthening our manufacturing industry.

New technology and investment in R&D will continue to be the great enablers in finding new and more efficient ways to operate, communicate, improve products, develop new products and create new markets.

Can there be a better example in Australia's recent history of innovation than that provided by Cochlear? Taking the cochlear ear implant from clever idea to commercial reality took Professor Graham Clark and his team more than 18 years of R&D. Having built a business on technological innovation, Cochlear's four generations of implants now benefit more than 100,000 people around the world. The company itself has annual revenues in excess of \$450 million.

It is in this spirit that Australian manufacturers should review their entire business operations and look for market advantages, foster a spirit of innovation and take a punt.



Mike Dwyer
Managing Director
Viscount Plastics

Viscount Plastics is the Asia-Pacific arm of the UK-based Linpac Group, a provider of innovative materials-handling, industrial and packaging products. Through operations in Australia, New Zealand, China, Malaysia, and Thailand, we provide innovative supply chain solutions to customers in a range of market sectors including the food, retail, lubricants, coatings, water, infrastructure, automotive and other industries.

By taking another look at traditional products, we have been able to foster relationships with customers, create new marketing opportunities and drive revenue. We build competitive advantage through innovation, which is vital to our business.

For example, Viscount designed and manufactured the world's first one-piece, clear injection-moulded sealant cartridge for the DIY building products market. We also created an award-winning, 10-litre square plastic pail with a unique hinged lid that solved distribution and storage issues and provided better hygiene protection for the food industry.

With Coles Myer, we transformed fresh fruit and vegetables logistics in Australia when we introduced a foldable plastic crate that has given the industry a cost-effective and flexible means of getting fresh produce to market. The crates are reusable and can be used to transport, store and display fresh produce. They fold flat when empty, requiring less storage and transport space – a significant cost saving.

Innovation based on the supply chain cost savings and environmental benefits of reusable packaging is not new to Viscount Plastics. In the mid-1990s the company developed a range of reusable plastic produce crates with a service life measured in years and contents protection features to help achieve the high produce presentation standards demanded in retail markets. The crates signalled

the end of the wooden fruit box, served notice to one-way cardboard and are today considered the industry standard.

However, the need to innovate is constant. We are investing in a large new facility in China and we want to take the opportunity with this project to change the way we have done things in the past. A lot of thought has been put into the design of the new building and how the manufacturing process will flow.

Our motivation for going into the Asian market is to grow the business. We decided to be a niche packaging business, rather than a mass producer, and we had to move countries in order to carve out these niches.

In our business, one size does not fit all – products that are fine in the Australian context may not suit Asian markets where infrastructure is not as developed and products such as fresh food are not handled with as much care.

We had to modify our approach and we did that by hiring local people with product development expertise. We discovered we are able to use some of the skills we gained from Asian markets, particularly China, back in Australia and New Zealand. That has been an unintended bonus for us.

We have in-house development teams in each of our markets and we promote collaboration with all our customers. Customers constantly require better packaging to improve efficiencies in their supply chain and meet rising standards in hygiene and environmental management. They also want attractive packaging that helps them compete in the marketplace.

Only recently, we won a contract with Dulux Paints to convert their metal paint tins to plastic because we came up with an innovative product that solved a number of issues that had been preventing the industry from converting from metal to plastic. There had always been concerns about how plastic tins would stack, how they would travel and how paint would keep in plastic. We came up with the answers.

Through research, good design and sound commercial development practices, we work with our customers to find new solutions, compete with the rest of the world and separate ourselves from lower-cost manufacturers.

Conclusion

All companies, even the largest, need to recognise they cannot always control their future. Australian manufacturers must continue to learn, improve and prepare for tomorrow. Globalisation is as much an opportunity as it is a threat and there are many things local companies can do today to ensure they are well placed to prosper from being thrust onto the global stage.

The benchmark has been set. Manufacturers that have transformed their operations have a global, world-class outlook. They have stripped out costs; are quick to adopt new technology; are focused on skills development;

have strong global supply chains; and use innovation to drive competitiveness. The most astute do not even see themselves as Australian companies but as global companies based in Australia.

No less a commentator than the prime minister says manufacturing must remain at the heart of our economic experience and outlook. If this is to be so, Australian manufacturers need to keep evolving by investing in technology and people and being prepared to innovate throughout their entire operation.

There is little doubt that Australia will in part make its future in China or India but local manufacturers still have it within their power to determine which parts and how many.

Take action

- **Work out how to pass on costs to customers.** Re-evaluate your position in the value chain, strengthen your negotiation skills and improve your market's awareness.
- **Validate your existing cost base,** understand the implications across your supply chain and balance any cost savings with extended timelines.
- **Critically review your entire operation** and identify any business processes that are barriers to growth.
- **Integrate people strategy into business strategy,** consider flexible working conditions to retain the people you need and get key stakeholders to work together to address any skills shortage issues.
- **Review your entire business operation** and look for market advantages, foster a spirit of innovation and take an old-fashioned punt.

Contacts

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Graeme Billings leads the Industrial Products practice for PricewaterhouseCoopers in Australia. He has over 25 years experience providing assurance, transaction and consulting services with multinational and national clients in the automotive, construction and general manufacturing industries.

Graeme draws on his extensive experience with acquisitions and mergers and other business investigation areas such as due diligence, investigating accountants' reports, fraud investigations and internal control reports.

As a regular media commentator on the Ai Group/PwC Performance of Manufacturing Index, Graeme provides insight into the direction and challenges of the manufacturing sector.

Stephen Longley

Partner – Advisory
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Stephen is a partner in the Corporate Advisory and Restructuring practice at PricewaterhouseCoopers. He has 15 years of experience working with the stakeholders of underperforming enterprises in a variety of roles including independent business reviews, development and implementation of turnaround and restructuring strategies, rationalisation of corporate group structures, divestment and/or wind down of non-core operations, and formal insolvency appointments.

One of Stephen's recent engagements was acting as Voluntary Administrator of Global Engineered Fasteners Pty Ltd, which traded as Ajax Engineered Fasteners. The appointment of Administrators to this company attracted significant media attention due to the automotive industry's reliance on Ajax which necessitated a rescue package to keep both the industry and Ajax operating. Stephen is presently trying to maximise the outcome for the company's creditors after the sale of the Ajax business to another Australian company, which will also hopefully see the Ajax brand return to prominence for its manufacturing performance.

The nature of Stephen's work sees him operating across numerous industries including manufacturing, forestry/sawmilling, energy and mining, telecommunications, sport and entertainment, transport and retail.

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