



# manufacturship

## Board Strategic Issues for 2016 – Issue 1, April 2016

**Achieving Profitable Business Growth in the Asian Century** provided the focus for open discussion by 50 invitees to our Sydney and Newcastle CEO Round Tables in February 2016, including Business Owners, Corporate Executives, Heads of Banks and Private Equity Firms, Independent Directors and Board Level Advisory Firms.

### **Economic and Trade Forecast presented by ANZ**

- ANZ forecast Strong and Sustained economic growth in the Asian Region
- ANZ highlighted the Strong Asian Trade and Investment Focus on Australia
- ANZ believes that ASEAN will become as important to Australia as China is today – ANZ Research *ASEAN the Next Horizon*
- ANZ in association with Export Council of Australia has launched FTATOOL designed to assist Australian exporters [www.ftatool.com.au](http://www.ftatool.com.au)

### **Round Table discussion of Business Opportunities and Challenges for 2016**

Highlighted an unprecedented mix of Complex Business Opportunities and Challenges:

- **Fragmented Market** with some sectors expanding and others rapidly contracting. Strong growth in Building and Construction Sectors in NSW – especially Western Sydney is supporting sustained double figure growth for firms in the Building and Construction Materials Supply Chains. Dramatic downturn in Mining Industry Investment with no upturn in sight is dramatically impacting on METS sector – Mining Equipment, Technology & Services firms, many of whom must rapidly Diversify into other markets or Perish!
- **Globalisation of Competitive Forces** underpinned by Australia's Free Trade Agreements is impacting on financial viability of some Australian Manufacturers. However, Australian firms have potential to Leverage lower cost Asian components through International Supply Chains into Australian Products. Developing highly responsive Customer Service with Rapid Product Delivery can beat Import Timeframes and Create Competitive Advantage against Imports. Capture Australian Opportunities prior to looking for Export Opportunities. And only then enter Targeted Niche Asian Markets with a powerful Value Proposition relevant to Asia Markets.
- **Managing Cash Flow** by compressing Order > Delivery > Invoice > Payment Timeframe is a business critical issue as customers extended payment schedules [sometimes 30 to 90 days] and banks tightened lines of credit.

### **AICD Members Perspective**

AICD briefing on 17 March 2016 on The Top Board Issues for 2016 observed that:

The most difficult challenge for the Board is too simultaneously

1. Generate Profits for Shareholders  
and
2. Maintain focus on Long Term Value Creation for Shareholders.

Bede Boyle