

AUTOMOTIVE MANUFACTURERS FORCED TO INNOVATE

Automotive component manufacturers in the Eastern Cape are being forced to innovate in order to remain competitive or to simply survive according to the Automotive Industry Development Centre (AIDC).

AIDC Eastern Cape Supplier Development manager Lance Schultz said local component manufacturers were still reeling from the global economic crisis.

"The crisis has severely impacted the automotive industry worldwide. It has also forced the industry here to re-examine its operations carefully and to a degree re-invent the way it does business in order to create the lowest possible cost structure for its products."

"It is clearly not a case of business as usual."

Several component makers closed doors in 2009, including Kolbenco, South Africa's only automotive piston manufacturer, which eliminated the country's ability to manufacture this product.

Among other closures were RAH Auto, Powdermet, Vynide, Eaton Aeroquip and Bloxwich. Listed company, Metair closed its plastics business in the Eastern Cape at the end of 2009.

Schultz said the AIDC had intensified efforts to assist individual companies make substantial cost gains to stay afloat and to position themselves for growth.



COST SAVERS.....A team of engineers and staff who implemented savings of over R300,000 at Hansens Engineering demonstrates the innovation required by automotive component manufacturers to remain competitive. From the left back are Engineer, Sandisiwe Landzela, Laverne Louis and Zahier Ebrahim of the AIDC and Hansen Technical Manager Craig MacLachlan. In the front are Justin Lotter and Hansens Engineering MD, Erik Hansen.

The AIDC's programs and interventions on the shop floor, around improving logistics and in the development of skills and productivity, are highly subsidised by Provincial Government.

Despite the economic downturn, some automotive companies have continued to position for growth and persisted in the implementation of continuous improvement initiatives, Schultz said.

Citing a recent case study, Schultz highlighted savings of over R309,000 achieved at Port Elizabeth based Hansens Engineering, producer of precision machined aluminium components.

Schultz said over 75% of savings were introduced within just 3 weeks by identifying and reducing wastes, adjusting process flows and increasing productivity.

NAACAM President, Stewart Jennings, said the industry is under even more pressure in 2010

because the strong rand is rendering local exports uncompetitive. Auto industry bodies have estimated that component exports nosedived 40% during the course of 2009.

"Many suppliers have to be assisted to identify wastes, reduce them and improve areas of productivity that they may not have believed even existed within their businesses," Schultz said.

●● Eastern Cape Automotive Sector Benefits from Government Plan ●●

The Eastern Cape's automotive sector has been identified as a beneficiary of the South African cabinet's Industrial Policy Action Plan.

The plan, which gives effect to government's Industrial Policy Framework, approves specific interventions for a range of industrial sectors for the next three years.

Automotive Industry Development Centre (AIDC) Project Leader, Lance Schultz, said several key activities currently listed in the plan, would boost the automotive sector broadly and the Eastern Cape Province specifically.

The AIDC, in collaboration with the Department of Trade and Industry, is named in the plan as the organisation responsible for the implementation of three of the six projects outlined in the plan.

Schultz said the three projects involved competitiveness improvement of automotive component manufacturers, the development of an Enterprise Reference Architecture (ERA) portal for SME suppliers and mentorship of SME component manufacturers.

According to the AIDC over 40 companies will be part of the competitiveness improvement project. "Participating firms will be benchmarked and assessed before any identified gaps will be closed through the facilitation of our team of engineers", he said.

Schultz said it was highly significant that the AIDC was named as a supporting agency for three of the six automotive projects identified in the plan. "Our mandate is to assist the automotive sector become more globally competitive and we believe that the support given to these projects by national government will make a substantial impact. That

the AIDC has a strong presence in the Eastern Cape will mean that locally based manufacturers will benefit."

According to the plan, Tier 3 and 4 suppliers will be identified and matched for mentors over a period to assist their sustainability and boost the supply chain.

The ERA portal would offer small and medium enterprises access to best practice blueprints and templates for implementing systems, policies and procedures. "This offering will not only profoundly benefit the SME sector but the entire supply chain as the portal can play a key role in re-engineering and continuously improving the industry sector over time", Schultz said.

Other interventions listed in the plan for the automotive sector include the publication of clear implementation guidelines, procedures and associated administrative framework for the Automotive Production and Development Programme (APDP).

Also approved is a project to be undertaken by the DTI in conjunction with OEMs to identify specific components for local acquisition by OEMs.

The commercialisation of South Africa's electric car and the identification of opportunities and interventions to resuscitate and grow the Medium and Heavy Commercial Vehicle sector, have also been highlighted in the plan.

The AIDC in the Eastern Cape is an agency of the Eastern Cape Provincial government under the ECDC and is mandated to assist the automotive sector become more globally competitive.



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