



# SC21 Benefits Guide



21st  
century  
supply  
chains



# The AIDIS SC21 Programme

## Benefiting Aerospace, Defence and Security Supply Chains



### What is SC21?

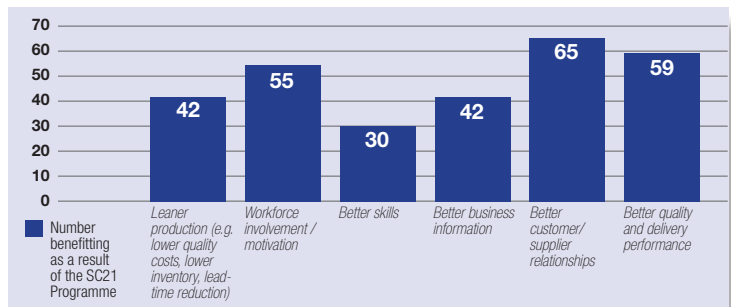
Supply Chains for the 21st Century (SC21) is an improvement programme designed to increase the performance of suppliers and ultimately their supply chains within the UK aerospace, security, space and defence industries. The programme is a collaborative effort with AIDIS leading the programme at a national level, working with signatory companies, primes, regional trade associations (RTAs), strategic partners and accredited training providers. An interesting facet of the SC21 programme is that it also delivers a number of active work streams; groups of industry representatives that support the development of special areas of interest (please see page 10 for further information).

### SC21: Where it all started?

In 2006 the Society of British Aerospace Companies (SBAC) and its members agreed on a single programme to improve performance across the UK aerospace industry. SBAC subsequently launched SC21 at the Farnborough International Airshow with Government support. Nineteen founding companies (sixteen of the country's largest primes and 3 key small and medium sized enterprises – SMEs) also signed up to the programme at the Airshow.

Now the programme continues to grow, averaging four new signatories every week, giving industry a bright future and strong support from within its own community.

In October 2009, SBAC merged with the Defence Manufacturers Association (DMA) and the Association of Police and Public Security Suppliers (APPSS) to become AIDIS. As we make this transition a result is that SC21 can now offer opportunities to companies not only within the aerospace industry but also, to those within the defence and security industries.



SC21 has over 600 signatories on the programme and an important benefit of a new, wider involvement in defence and security is the ability to cross fertilise between the industries and enjoy better communication and diversity for the programme.

Furthermore, with signatories at various stages of their journey such as, continuous improvement planning, carrying out business

excellence diagnostics and possibly receiving an accredited award, the SC21 signatories can support each other regardless of their position on the journey to excellence.

The graph demonstrates some of the benefits which have already been delivered through the AIDIS SC21 programme to UK industry (data from: 2010 AIDIS SC21 survey).

### How your efforts could pay off: SC21 benefits

#### Business Benefits

- Lead time reduction
- Better cash flow
- Reduced inventory
- Labour and set-up time reduction
- Greater focus on “fit for purpose” equipment
- Consistent forecasting
- Increased return on capital employed
- Reduced number of overdue/backlog orders
- Increased sales per employee
- Accurate planned vs. actual labour cost
- Machine breakdown time reduction
- Floor space utilisation
- Reduced warranty claims

#### Quality

- Quality cost reduction
- Reduced cost of scrap
- Reduced cost of rework
- Reduced dispatch cost (re-delivery)

#### Delivery

- Improved delivery performance (OTIF)

#### Relationships

- Cross-company team working
- Better contract management
- Long-term planning between customers and suppliers
- Communication before and during the manufacturing process
- Less customer complaints

#### Stakeholders Benefits

- Sharing resources
- Industry training and development for employees
- UK focus on improvement and competitiveness
- SME support and communication
- Cross-fertilisation between Customers, Suppliers and key stakeholders
- Sustainability / sustainable procurement

# Industry Evidence

## SC21 what's in it for the UK supply chain?

*"SC21 is driving real improvement in Bombardier's supply base. Suppliers who are genuinely active on the programme have demonstrated a 'delivery on time' performance which represents a 50 per cent improvement over those companies that are not engaged in the programme. These are the suppliers with whom we would prefer to work and who are positioning themselves to develop their capabilities alongside us."*

**Stephen Cowan, General Manager, Supply Chain and Hawlmark Fabrication Facility, Bombardier Aerospace, Belfast.**

**BOMBARDIER**

*"Working for this award has encouraged us to transform our business to meet 21st century standards of excellence. We have embraced changes to our business systems and adopted lean manufacturing techniques companywide and are now a more structured and integrated company, ready to move forward and grow to face the challenges of the future. Measurable improvements include:*

- *Improved on time delivery to customer (better than 95% OTIF since October 2009)*
- *Supplier delivery performance (was 41.7% September 2009 now 97.99%)*
- *Planned versus actual efficiency impacting directly on scheduling (The target was between 95% and 125% but is now 97.5% and 110%."*

**Paul Benham, Managing Director, Benham Manufacturing. Bronze award winner 2010.**



*"SC21 demonstrates to our customers that we can deliver to an exceptional standard on a regular basis." G&O have reduced average lead time from 45 days to 25 days.*

**Steve Boyd, Managing Director, G&O Springs. Bronze award winner 2010.**



*"Signing up to SC21 was a very straightforward decision for Astrum. We initiated our continuous improvement programme in 2005 and taking part in SC21, which recognises the importance of best practice throughout the supply chain, reinforces Astrum's own commitment to offering its customers the best quality, service and delivery. Being one of only a handful of companies and the first land systems Company, sponsored by BAE Systems, to win a SC21 award is special and we are confident that this recognition will enable us to access potential new customers. Being joined in the programme by the Ministry of Defence, who signed up in 2008, shows the significance of the initiative."*

**Phil Kite, Managing Director, Astrum. Bronze award winner 2010.**





*"Our OTIF rose from 72% to 88% in 2009. In 2010 we are hitting 92%. In June 08 our Manufacturing Excellence score was 180; by the end of 2009 this had risen to 318 and is still rising. Our Supply Chain performance programme has been hugely successful with supplier delivery now at 95% where it was previously in the 70%".*

*Also, "We won 'Small Business of the Year' in the Coventry and Warwickshire Business Awards 2010. I have no doubt that the work we have done on the SC21 programme helped gain this award"*

**Jason Aldridge, Director,  
Arrowsmith Engineering (Cov.)  
Ltd.**



*"As international competition grows, so the UK supply chain must improve its effectiveness. SC21 is part of the push to modernise the aerospace sector's approach and accelerate its competitiveness on a global scale. TÜV has demonstrated its commitment to improving customer service both through involvement in SC21 and the establishment of a Continuous Sustainable Improvement Plan (CSIP). Within a relatively short time this has shown great benefits and Meggitt Avionics were happy to support TÜV towards attaining the bronze award." On receiving the SC21 Bronze Award the Managing Director of TÜV Product Service, said: "It is a great honour to be first Service Company of its kind to be recognised by SC21. We are committed to achieving ever higher levels of quality and delivery to our customers. With SC21 they can be even more assured that we can do things right first time, on time, every time."*

**Jean-Louis Evans, TÜV Product Service Ltd,  
Bronze award winner 2010 and Bradley Smith,  
Meggitt Avionics.**



Product Service



*"Our SC21 activities have seen us sustain and improve from Bronze to Silver due to our CSIP identifying areas of our business to be improved. Higher Quality and Delivery performance and cost effective manufacture are a major contributor to the new business opportunities we are seeing, which are all as a direct result from actively engaging on the programme. Without question, SC21 has enabled us to be more efficient, productive and it can be a fantastic marketing tool for attracting new customers. We have seen an increase of over 60% in new enquires as potential and existing customers now realise the real benefits of working with an actively engaged, award winning SC21 signatory. It's important that there is recognition for suppliers on the journey."*

**Steve Ticker, Managing Director,  
High-Tech Engineering Ltd.  
Silver award winner 2010.**

**HIGH-TECH  
ENGINEERING**



*"SC21 has been fundamental in helping us consolidate the business during a difficult period and will now be equally important in helping us achieve our ambitious growth plans for 2010.*

*Key achievements Kepston are in line to secure AS 9100 by mid year and as already reported 100K cost savings and significant improvements in quality and delivery performance."*

**Alan Overton,  
Quality Manager, Kepston Limited.**



*"At ACW, we consider achieving supply chain improvement is critical to the continued competitiveness of the UK aerospace and defence industry. With international competition increasing, the continued involvement throughout the UK supply chain, of companies of all sizes, is crucial to get real results from the SC21 programme.*

*Being part of SC21 gives ACW the opportunity to network with other leading aerospace and defence companies. The annual re-accreditation process ensures that we continually improve our business, it's processes, quality and delivery (OTIF)."*

**Grant Bennett, Manufacturing Director, ACW Technology.  
Silver award winner 2010.**



## ACW Technology & SC21

SC21 is a major element of ACW's improvement tool kit

### Key Successes

- Dedicated NPI capabilities (Specialist Business Services – SBS)
- Identified ownership of issues & focused improvements through integration of CIPP and CSIP into the business
- Improvements proactively driven with involvement of all staff
  - PPM 25% reduction in joints defects
  - Test yield increases (average) 7.7%
- Visual management developed throughout site
- Reduction in waste
  - Stock weeks reduced by 25% on target accounts
- Silver level achieved and maintained
  - Delivery OTIF 98.6%
  - Quality 98.5%

*"MEP was a high performing business on both quality and delivery with good feedback from our customers. SC21 gave us the focus to challenge and push performance to the next level. We were able to improve our on time delivery and quality to our customers. The team at MEP was able to move a good performing business to a great performing business and exceed our customer expectations.*

*All of this good work has increased our capacity and the business has used this extra capacity to support additional project from our clients and allow us to welcome new customers. As we move forward in the program we look forward to attracting more clients that want to improve their supply chain performance with a focus on delivery and quality."*

**Phil Hart, Managing Director, MEP Ltd**



*"(BAES) Hillend Manufacturing is proud to have achieved the SC21 Bronze award in 2009 with Selex. As a customer sponsored change program, SC21 has provided a focused platform for improvement. The Manufacturing Excellence Scorecard assessment has genuinely assisted us in striving for improvement, and provided that all-important external viewpoint."*

**Danny O'Brien, Head of Manufacturing, BAE Systems Insyte**

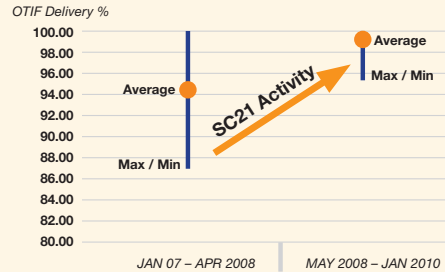


*"General Dynamics UK are a systems integrator. SC21 has saved us a small fortune on the bottom line, and made us a viable supplier to MoD on land vehicles. SC21 has helped us make 100% on time deliveries to MoD, and suppliers have not eroded their margins".*

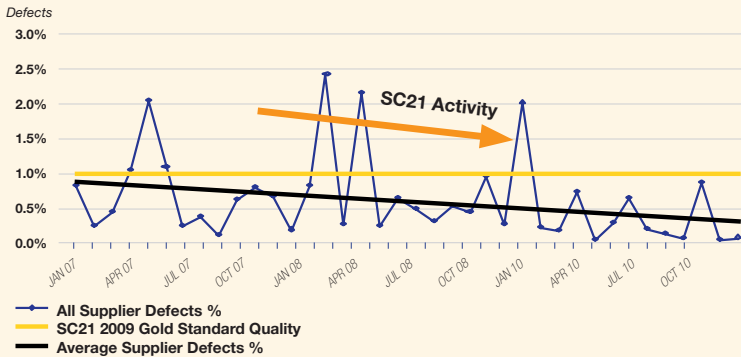
**Dr Sandy Wilson, President and Managing Director, General Dynamics UK Limited**

**GENERAL DYNAMICS**  
United Kingdom Limited

**GDUK – Ashchurch  
Delivery Performance – All Suppliers  
2007–2010**



**GDUK – Ashchurch Quality Performance – All Suppliers 2007–2010**



▲ Improvement in delivery performance of all key suppliers  
– OTIF delivery: 94% in 2007 to > 99% in 2010

◀ Improving trend in quality performance – Defects: 1.0% in 2007 to 0.3% in 2010

*"Merlin Circuit Technology Ltd is in the early stages of implementing the SC21 methodologies and last year upgraded our ISO 9001 approval to AS9100. We have recently had our first site visit from Industry Forum to assist us in generating our CSIP. The fact that we are working towards an SC21 accreditation is opening doors in the defence & aerospace industries that we could previously not access."*

**Dennis Price, Business Development Director, Merlin Circuit Technology.**



*"SC21 is the template for all our business and process improvements and is fundamental in all our existing and future thinking and decision making, incorporating ethics, relationships, supply chain partnerships, risk & opportunity and best practise at all times."*

**Andy Gauler, Sales Director, Righton Ltd. Bronze award winner 2010.**

**RIGHTON**



▲ Warehouse Administration Improvements: 40 days saved per person (3) per year, **saving £9,000**

▲ Goods In/Order Picking: Process Improvements and Reorganisation of shift patterns, **saving £17,846**

## 2010 Summary

In 2010 SC21 achieved a critical mass and is now recognised as a credible programme to achieve business improvement across the aerospace, defence and security industries in a consistent and cost-effective manner. SC21 can be deployed by any size of company and is not dependant upon external sponsorship from large primes – if a company wishes to get involved it can.

## SC21 Awards

Recognition for SC21 achievement consists of three award levels. To achieve any level a company must have achieved minimum scoring criteria for both the (EFQM) Business (BUSEX) and Manufacturing (MANEX) Excellence models; they must also have a robust CSIP plan (continuous sustainable improvement plan) and where possible, have implemented the relationship management model (RMM). Finally, they must have achieved minimum standards in delivery and quality performance for all of their key customers for a rolling 12 month period. The approval (and annual re-approval) process begins with an application to the AIDIS SC21 project manager, who surveys the applicant's customers regarding delivery and quality data, before validating the MANEX and BUSEX assessments and passing to industry for final ratification.

The award levels are:

award level	delivery	quality	sustainable improvement programme	improvement framework
gold	>99 - 100%	99.9% - 100%	plan progressed regular reviews	excellence level > 500
silver	>95 - <99%	99.5% - <99.9%		excellence level > 400
bronze	>90 - <95%	98% - <99.5%		framework deployed

Pictures: AIDIS SC21 Awards: February 2010, AgustaWestland



Between May 2008 and May 2010, SC21 have awarded 32 companies (27 Bronze, 5 Silver) which have demonstrated that they have met the strict criteria as set out in the robust recognition process.

SC21 is expecting the first Gold award during 2010. This would be a key milestone for the UK and the programme, and a demonstration that UK companies are striving for the highest quality and delivery, whilst using SC21 as an effective tool to achieve this.





# How do signatories implement SC21?

## 1. Getting started

The AIDIS SC21 4-step implementation guide has been developed to provide companies with an interest in SC21 an easy guide to understand the process and its key stakeholders. Two key types of signatory exist; Prime led and self-starter/regionally led. Prime led means a large organisation supports the SC21 implementation process within that signatory, self-starter means funding is the responsibility of the signatory company; this could be for things such as training or diagnostic activity. At this point RTA funding comes into play, an opportunity where financial support can be offered to a signatory to engage on the journey to excellence.

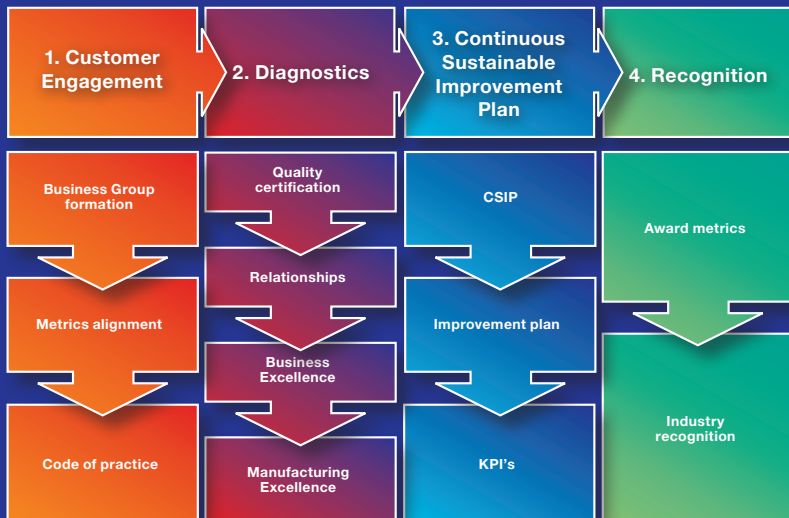
## 2. Regional Trade Associations

There are a number of regional trade associations (RTAs) in the UK that work with funding bodies to obtain and allocate funding to industry, to help companies implement SC21 for example. Currently, SC21 has already been allocated significant funding support amounting to several million pounds and continues to obtain funding on behalf of UK industry.

## 3. SC21 Events

The SC21 project team at AIDIS has a network of the regional trade associations (RTAs), prime customers and training partners that work with their colleagues, suppliers and members to implement SC21 across the UK. Many of these events can be seen via the RTA websites.

A key event at which you can gain a greater understanding of SC21 (and network with signatories, primes, RTAs and other partners), is at an AIDIS SC21 Task Force meeting, these are held every 3 or 4 months. See page 11 for further information.



## Training Partners

The AIDIS SC21 programme is engaged with a number of accredited training providers to develop management awareness, carry out training and help organisations with business improvement tools and techniques. We have a number of training partners who work in a co-ordinated way to ensure consistent and high quality training. Most companies implementing SC21 use either an external strategic partner or, if led by a prime they may be able to use an accredited trainer from within that organisation. It is also worth noting that many of the signatories are self-starters who are keen to actively implement SC21 to develop their business, which is a great demonstration of the commitment that UK industry has to be the leader in aerospace, defence and security.

## SC21 programme governance and management

AIDIS provides a project team which manages and governs the SC21 programme in the UK. It is also supported at a senior level by a strong, experienced group of industry leaders, forming the SC21 Steering Group.

The need to formulate the Steering Group has emanated from the strength and commitment of the SC21 community (including both signatories and stakeholders). The community has an increasing awareness of SC21 subjects and the wider issues which are affected by Government and, for example, the MoD. Senior representation includes AIDIS, primes such as Rolls-Royce, Thales and BAE Systems, Bombardier, the MoD and a number of SME's, SEMTA and RTAs.



## **SC21 work streams**

The key SC21 work streams to improve the programme and industry are maintained by three main special interest groups (SIGs), for example Development & Performance, Quality and Relationship Management. Each SIG benefits from the leadership of a Chairperson and is supported (on a voluntary basis) by industry representative such as, signatories and key customers. SC21 is looking to develop further work streams which include Innovation and Sustainable Procurement to meet the changing environment affecting the aerospace, defence and security industries within the UK.

## **Communication and working together**

Communication is very important to the programme and is managed through the AIDIS SC21 Project Team, useful information is available on the AIDIS SC21 web pages and if you wish to be added to the SC21 mailing list you will receive regular articles, case studies and events information. Events such as the SC21 Task Force are an opportunity to get together with the industry and discuss the programme and other current affairs. With a regular attendance of over 150, signatories (including training providers, regional trade associations, primes and other SMEs) the Task Force provides a platform for this valuable hub of knowledge and experience.

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