

Global MOBILITY

As part of an international network of 63 production and engineering sites across 26 countries and 19 services centres around the globe, Bombardier Transport Australia provides world-class transport solutions.

Images by Estelle Judah Photography

Dan Osborne, Senior Adviser at Bombardier Transport Australia (BTA), has spent most of his career designing, manufacturing, engineering, and maintaining different vehicles. He has worked predominantly with RAAF aircraft and engines. He moved into the rail industry before his previous company Adtranz was acquired by Bombardier in 2001. He has been in the managing director position for the last 14 years and has seen the company triple in size since.

The CEO Magazine caught up with Dan to discuss the company's succession planning and Bombardier's future within the Australian manufacturing sector amid increasing competition in a challenging market.

The CEO Magazine: With numerous Australian manufacturers shifting operations overseas or shutting down, what have been the greatest challenges you've had to contend with?

Dan: The challenges have been, and remain to be, the ability to respond to market demands in an ever-changing business environment. The rail market, in

particular the passenger rail market where Bombardier focuses, has been changing dramatically since 1999 when Victoria's Public Transport Corporation [PTC] was privatised, following the British franchising model. This placed delivery of rail-passenger services in the hands of private operators with a less-constrained focus on service delivery than was ever possible under the publicly run service-delivery model.

That is not to say the PTC didn't do a good job but, as with all government enterprises, it was more subject to variable budget constraints and shorter-term considerations driven by the political cycle. This change led to greater consideration of whole-of-life cost, long-term reliability, and availability of rail vehicles, or 'rolling stock' as we call it. It also saw the emergence of supply-and-maintain contracting, which placed greater emphasis on whole-of-life cost. This opened up the market from previous design and manufacture of rolling stock to include long-term maintenance obligations. These changes saw the market become attractive to not only overseas operators, but suppliers and maintainers also. While this expanded the opportunities for companies such as Bombardier, it

increased competition and also placed increasing expectations on our suppliers.

Competition has been very strong and the type of contracting has become more complex with financing models including public private partnerships [PPPs] now part of the landscape. As part of the global Bombardier Transportation [BT] business, this has required us to embrace the market demands of cost competitiveness and contracting complexity, and address them utilising the global capability that an organisation such as Bombardier can bring down under, blended with the local expertise that is an ongoing essential ingredient.

End customers demand performance and predictability from the public-transport system more than ever before. It's also critical that the industry responds to these demands as the total passenger journeys increase year on year and road congestion takes hold in our major cities. Our greatest challenge has been to respond to these demands and continue to integrate within the Bombardier group leveraging the total capability we can bring to the market to meet these requirements. >

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As Senior Adviser, how do you maintain staff engagement and ensure alignment throughout the company?

The role of senior adviser is relatively new, as I stepped down as CEO late last year, so I'm still finding my feet so to speak. For me, this role provides the opportunity to support the smooth transition to new leadership and, let's face it, after 14 years, I'm sure the organisation will benefit from a fresh face and new ideas. Our business is fundamentally a project business where the interfaces with stakeholders are strongly built around trust and the commitment of leadership to our customers. We have a comprehensive succession-planning process that greatly assists the growth and development of the organisation. I'm in the privileged position to be able to be a sounding board while the new team, under the leadership of Rene Lalonde, takes the organisation forward, and to support new initiatives via ongoing relationships.

At Bombardier, we recognise that employee engagement and enablement are critical success factors, and work consistently to improve these and a number of other organisation effectiveness measures. We have a structured performance-management process [PMP] which enables employees and their direct manager to agree on specific objectives aligned to the business, and through the personal-development plan [PDP],

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the individual personal-development objectives aimed at developing our talent. Reviewed at least twice a year, the review process itself is a performance measure for all managers. The PMP and PDP process is a powerful tool to get organisational alignment and people-manager competencies improved.

How does your organisation collaborate with key suppliers to develop turnkey solutions?

Turnkey solutions can mean many things, but in the BT world this would refer to what we call 'systems'. These would require working with partners to deliver complete transit systems such as mass transit, light rail, and monorail systems. The Gold Coast Rapid Transit System would be typical, based around light-rail vehicles (trams). BT, as the system technology company, would join with civil constructors and operators, investors and lenders, to deliver and operate the system. The contractual structure depends on the procurement authority's preferences. PPPs are typical of how such systems may be delivered.

In a more low-key turnkey approach, we have, over recent years, looked to increase the scope and integration of some of our local suppliers of vehicle subsystems such as traction power, air conditioners, and interiors. In these cases we tend to define the system outputs we need from the subsystem and the interfaces with the vehicle. This allows the supplier to optimise their subsystem design, often increasing scope that would historically be retained within BT and transferred to the supplier.

This approach has forced us to spend more time defining the scope of the subsystem and engage with potential suppliers in our joint design development phase (JDDP). We have also incorporated the ongoing maintenance support aspects in the scope of supply. This has increased the scope for our suppliers and placed more demands on them in much the

same way BT has had to expand our capabilities to support the changing market expectations of BT's direct customers. We have a structured supplier qualification and evaluation process common across all BT procurement that seeks to establish approved suppliers ahead of specific contract supply agreements.

What does the future hold for Australia's manufacturing industry and what role will your organisation play in it?

It is a very broad question, which I would confine to my thoughts about BT's role in the passenger-rail aspects of the industry. As I mentioned, the market is very open and competitive in Australia for rail vehicles. BT has, in the form of BTA, a local design and manufacturing capability that is part of a global organisation with a full portfolio of passenger-rail products to service the market. How we would position ourselves for future requirements depends in large part on the requirements of the procuring authority. We have many options on how we might respond; however, our overriding aspiration is to design and manufacture locally using our global product technology and processes.

We look to develop our local people within the global organisation and integrate best practices in every aspect of the business. We are able to draw on specific functional expertise to supplement local experience and apply that knowledge to each phase of a project. In some cases, we participate in the tender and design phases of overseas projects so in effect we export, but not in containers. We now form part of the APAC region of BT, so our involvement has grown and we represent a significant part of a larger regional organisation. This will enable our people to become involved in a broader range of activities within the region, not just focused on Australia. Provided we can adapt to the ever-changing market demands, we are well placed to maximise our involvement in whatever way provides value to our customers and shareholders. ●