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The current global crisis continues to shake and reshape the business landscape on a daily basis, and whether you are drawing on Wall Street, internet blogs, the newspaper or simply your business strategy meeting, there is an enormity of knowledge and intelligence to digest, comprehend, believe or ignore.

At the Australian Business Foundation, we find that our body of research identifies the soft signals and fresh intelligence that can provide business with new knowledge and understanding in these turbulent times. The latest research launched by the Australian Business Foundation "Global Connections – a study of multinational companies in Sydney", draws on 85 case study multinational companies with offices in Sydney.

The study suggests the global economic crisis will affect the operations of multinationals with likely cutbacks in Sydney and the Asia-Pacific. The project highlights the urgent need to revitalise investment promotion initiatives and to ramp up connections and collaborations between Sydney operations of multinationals and local organisations.

The Foundation's research illustrates that innovation is a vital tool for attacking the global recession before the recession attacks us. ***Innovation is the chief weapon in the productivity revolution*** called for by Prime Minister Kevin Rudd, even when focused on the urgent need for short term stimulus measures to add to immediate demand.

Injecting economic stimulus though a nation building plan to support growth and jobs in the short term and in

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a manner which allows the Government to prosecute a long-term strategy of economic reform to build long term productivity growth.

Speech by Kevin Rudd, the Prime Minister of Australia on 3 March 2009 on policy action in response to the global economic crisis.

To secure productivity benefits, action must go to boosting innovative practices directly in business enterprises and workplaces. ***The yardstick is not just more business R&D or more research funding for universities, but a critical mass of innovative Australian*** businesses and workplaces competing globally. They must be able to manage the risks of innovative endeavours and to apply their leadership, management and workforce skills and capabilities to continually adapt and respond to customer and market needs with globally competitive business offerings.

Action is needed to prepare for the upswing. Stimulus measures are designed to add to immediate demand, but they need to be more than 'one trick ponies', and be capable of leaving legacy benefits, namely enduring skills and capabilities that Australia can leverage in an upswing. For example, some of the spending on infrastructure should seed new technologies and capabilities in Australian firms by subsidising the costs of searching and testing more innovative, and therefore risky materials or designs for green buildings or intelligent transport systems.

Further, some of the stimulus measures should be directed beyond physical infrastructure to investing in skills, education and knowledge services.

In short, get an innovation and productivity yield from money that is being spent anyway to add to demand. Spend more, spend better.

Clint McGilvray
Manager External Relations
Australian Business Foundation

The UK launches the National Innovation Research Centre

The Australian Business Foundation welcomes the UK's initiative establishing a National Innovation Research Centre as a collaborative venture between the Centre for Business Research at Judge Business School, University of Cambridge and Imperial College Business School.

The Foundation has been on long time advocate of more concerted research into how innovation drives productivity in firms and nations. The Foundation has links with both the institutions involved in this UK joint venture. In particular, Director of the UK Innovation Research Centre, Cambridge Professor Alan Hughes, was the author of the recent Australian Business Foundation study into Australian Productivity Growth.

The key objective of the Centre is to develop the highest quality research into how innovation can make businesses more competitive, improve public services delivery and help the UK meet the social, environmental and economic challenges it faces.

Professor Hughes explained the context for the initiative:

"Innovation is much more broadly defined than it used to be. It's not just about successfully introducing new products; innovation in services, processes, even in business models and ways of working is increasingly important. We need new research so that both practitioners and policymakers can understand the key issues in all these forms of innovation - particularly when current global economic conditions make it more important than ever to ensure that the UK's innovative capacity is enhanced."

Dr Ammon Salter, Director of Research at the new UK Centre and Reader in Innovation Management at Imperial College Business School, outlined their research agenda, which began in January:

"The UK Innovation Research Centre will explore the relationship between innovation and business performance and how this affects the national economy and the individual organisation. This will feed directly into both innovation policy and practice, for example in helping to open companies up to new forms of collaboration and policy makers to develop new instruments and strategies to promote innovation and knowledge exchange."

The Foundation suggests this model is vital for Australia if we are to deepen our understanding and ability to foster innovation-led prosperity for Australia and its businesses.

Innovation the key to recovery?

One of the Australian Business Foundation's key research partners, Professor Roy Green, wrote a compelling editorial in the April 1, 2009 edition of The Australian on how innovation is the key to recovery in the current global economic crisis. Professor Green who is Dean of the Faculty of Business at the University of Technology, Sydney states: ***"the challenge for policy makers is to link the short-term boost for demand with strategies for building the longer-term capacity for innovation and entrepreneurship that will enable enterprises themselves to lead the recovery through sustainable value creation."***

Professor Green argues that organisational innovation is the key to enhanced productivity. He emphasises the need to ensure that public policy on business innovation should not be focused exclusively on research and technology, because as we know from Australian Bureau of Statistics data, that two thirds of innovation expenditure by firms is non-R&D. This is organisational innovation, which may involve new business models, systems integration and, increasingly, the introduction of high performance work and management practices.

Professor Green draws on a recent 16-country study of management practices by the London School of Economics and McKinsey which found consistently that management and leadership were the key factors in improving the productivity performance of firms, including their ability to undertake innovation.

As Professor Green quoted from the study: ***"governments can play their part in encouraging the take-up of good management behaviour. Doing so may be the single most cost-effective way of improving the performance of their economies"***.

To read the article in full: <http://www.theaustralian.news.com.au/story/0,25197,25270672-25192,00.html>

Launch of "Global Connections: a study of multinational companies in Sydney"

The Australian Business Foundation's latest research, "*Global Connections- a study of multinational companies*" was launched in Sydney by the study's primary author Professor Michael Enright at the Department of State and Regional Development premises with more than 120 guests. The research investigated the role of Sydney in the strategies, organisation and location decisions of 85 multinational companies located in Sydney and the changes that have occurred over the past decade.

This research highlighted that Sydney is the site of high value managerial activities for foreign multinationals in sales, marketing and customer service, but does not have significant production or research and development functions. It called for the revitalisation of investment promotion initiatives and for ramping up connections and collaborations between Sydney operations of multinationals and local organisations.

For more information on this research project, please contact the Foundation's External Relations Manager, Clint McGilvray at clint.mcgilvray@abfoundation.com.au or on (02) 9457 7553

http://www.abfoundation.com.au/research_knowledge/research/194

Upcoming Research at the Australian Business Foundation

The Foundation is launching two major studies in the coming months. These include:

Effective Models of Business Engagement with China

This project led by leading academic and media identity Dr Keith Suter, the team also consists of Catherine Armitage, formerly the Beijing Correspondent for The Australian and the business case studies undertaken by Australian Business international Trade.

Understanding how to do business in China is of undeniable importance for many Australian firms, but experience suggests that there are many different business models that are proving successful. This study involves 30 companies across a variety of Australian sectors that are activity engaged in China and draws on their experiences and perspectives from this engagement.

Through an exploration of the economic, regulatory and political environment prevailing in China and a series of business case studies, this project analyses the actual experiences of Australian companies successfully competing in China that other Australian companies should find instructive in mapping their own competitive position.

Pacific Corridor Industry Clustering Study

What drives successful industry clustering in Australia, and specifically in the northern Sydney 'technology corridor'? This project conducted by Macquarie Graduate School of Management, and jointly sponsored by the Australian Business Foundation and the NSW Department of State and Regional Development aims to identify and map the extent of clustering activity in the northern Sydney region, known for this report as the 'Pacific Corridor'.

The 'Pacific Corridor', spanning northwest from North Sydney, takes in large commercial centres such as Chatswood and Macquarie Park and is home to many regional headquarters for large multinational companies. It has been identified by the NSW Government as an economic region of state, national and international significance.

By identifying the evidence of clustering between firms and with other bodies like universities and the gaps in linkages, it is possible to better understand whether this region and Sydney as a whole is capitalising as much as it might on the competitiveness benefits of knowledge sharing and collaboration.

Our Research Priorities

The strategic research priorities for the Australian Business Foundation for 2009 have been developed by the Foundation's Research Advisory Committee led by Professor Mary O'Kane. The key rationale for the Foundation's strategic research priorities is to frame the game-changing questions and to investigate those issues that set a new agenda for business and the community at large.

The emphasis is on how Australia can turn its big problems (e.g. climate change, health, aging population, skills and education, carbon constrained and energy efficient production, sustainability, social inclusion etc) into opportunities that deliver both economic and social benefit. Priority will be given to research that unpacks these problems and how they can be turned into capability-building projects for Australia and its businesses. The Foundation will continue to explore how Australian businesses can thrive in turbulent times and respond with agility and skill to opportunities or threats.

If you have substantial research proposals that advance these priorities, please contact the Research Manager, Phillip Allen via phillip.allen@abfoundation.com.au or on (02) 94587342.

The Hidden Human Dimensions of Innovation



On March 10, 2009 the Australian Business Foundation Chief Executive, Narelle Kennedy delivered a speech on the Hidden Human Dimensions of Innovation at the Hargraves Institute 2009 Conference.

Narelle's speech centred on the role of people in innovation and how they remain hidden in plain sight. As Narelle explained, "It is axiomatic – everyone says it and believes it, but few understand anything at all about the human factors in innovation. For starters, most equate innovation with science and research and advanced technologies. Or else the world of innovation for many is populated only by the lone inventor, the gifted nerd or the creative genius entrepreneur".

"But in its tradition of probing beyond the obvious, the Australian Business Foundation questioned these conventional views of innovation, and sought to understand the real dynamics and the hidden human dimensions of innovation.

"Hence, we brought together and published this book, Inside the Innovation Matrix: Finding the Hidden Human Dimensions. A collection of 14 expert papers by 26 authors, it is a collaborative effort offering a kaleidoscope of insights from eminent business people, international scholars and leading researchers that take us inside the often invisible matrix of human interactions that are vital to successful innovation in both enterprises and nations. Narelle elaborated on the human aspects such as mapping innovation networks, cultivating global people power, the geography of innovation, learning networks and collaboration.

"The focus of the book is the pivotal role of people as innovation carriers – their networks, collaborations, knowledge flows, interactions and tacit knowledge – and how innovation itself is a potent competitive force that drives productivity.

"Australia needs to invest in the kind of innovation that transforms the capabilities of businesses and boosts the enduring productivity performance of the nation. The hallmark of such innovation-led prosperity resides in people and organisations that are dynamic, knowledgeable, outward-looking and connected.

"That is the key message not only of the Inside the Innovation Matrix book, but of the vibrant community of interest that exists in the Australian Business Foundation itself. We invite you to keep this conversation going with us." To read the speech in full please click on the link:

www.abfoundation.com.au/research_knowledge/presentations/243

Upcoming Events...

Pathfinders: The Innovator's Conference, organised by the CRC Association gets under way at the National Convention Centre in Canberra between 26-28 May 2009.

The formidable line-up of national and international speakers is expected to attract scientists, politicians, senior government officials and business leaders, who will hear presentations on how innovation can help fortify industry and governments against financial shocks. To find out more and register:

<http://www.crc.a.asn.au/conference/index.html>

What others are saying about the Australian Business Foundation

"Australia's future wealth will hinge on developing ideas, creativity, problem solving and innovation. The Australian Business Foundation stands at the forefront of this innovation knowledge. Its research is critical in informing governments, businesses and thought leaders on driving Australia's progress in the global marketplace".

Glen Boreham
Managing Director
IBM Australia and New Zealand

"The Australian Business Foundation has a good eye for identifying important questions and supporting independent research to answer them."

Professor Alan Hughes
Director, UK Innovation Research Centre
Director, Centre for Business Research, University of Cambridge, UK

"We at UTS: Business are delighted to support the Australian Business Foundation as the premier organisation for the promotion of rigorous and relevant innovation research in Australia."

Professor Roy Green
Dean
Faculty of Business
University of Technology, Sydney

"The Australian Business Foundation is an excellent platform for dialogues and ideas on the issues that underlie business competitiveness in Australia. Its activities support and nurture innovation, while challenging us to do things differently. The Foundation is an essential part of the business fabric of the nation."

Dr James Bradfield Moody
ABCTV Judge "The new inventors" "

The global financial crisis has shown the importance of high quality research to help us prepare for and deal with future business shocks and opportunities. The Australian Business Foundation is a precious resource: a think tank that takes the future seriously and valuably contributes to the national debate with its well informed, non-partisan and accessible reports."

Professor Mark Dodgson
Director of the Technology and Innovation Management Centre
UQ School of Business
University of Queensland

"For over a decade the Australian Business Foundation has made a unique contribution to Australia's continued transformation into an innovative, competitive and prosperous nation. This contribution has been unique for a variety of reasons - not least the Foundation's bold and 'nation-building' vision of an innovative Australia. In the global knowledge economy of the future - where competition and innovation will be even more pervasive - the Australian Business Foundation is sure to remain a key (if not irreplaceable) asset for the nation as a whole."

George Bougias
Senior Economist Strategic Research
Charter Keck Cramer

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Development (NSW); and the Department of Innovation, Industry and Regional Development (Victoria).

The Last word..

If you or your organisation is working on a product, service, research project or event that furthers new thinking on Australia's business competitiveness, innovative capacity and opportunities from a knowledge-based economy, please contact us and we will spread the word! If you have comments, questions, suggestions, please contact us:

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