

August 2004

Vol. 1

FROM OUR CHAIR Welcome to the new and improved IN THE LOOP, the e-newsletter of the Australian Business Foundation (ABF).



Over the last seven years, the Australian Business Foundation has produced a robust, valuable and integrated portfolio of research, from which we are able to draw. The Foundation is being increasingly engaged in urgent conversations of strategic moment with business, public policy makers and other opinion leaders. So, it is timely to capitalise on the Foundation's growing 'community of interest' of members. Our aim is to keep members abreast of the latest thinking on business innovation and competitiveness in Australia, and to elicit your ideas and contributions to advance the debate.

We will keep you updated with the progress of our research studies and keep you 'in the loop' on emerging and controversial ideas through our extensive links to the academic, scientific, business and political communities.

Most importantly there is an open invitation for you to share your insights to help the Australian Business Foundation to anticipate and understand the issues likely to have most impact on Australian businesses in the future.

Read on and stay connected for more from Australia's premier business think-tank.

Regards,

Catherine Livingstone

Chair, Australian Business Foundation

COMMERCIALISING AUSTRALIAN BIOTECHNOLOGY LAUNCH - 4 AUGUST 2004

Are the odds stacked against Australian biotech innovators? Or can they overcome the lack of capital, shortage of skilled management and inconsistent public policies to grow and thrive?

These are the critical questions dealt with in the Foundation's latest study, Commercialising Australian Biotechnology, authored by Professor Michael Vitale of AGSM.

Professor Vitale's study delves into the process of commercialising Australian biotechnology, both the critical success factors and the obstacles. This study paints a picture of the harsh business reality for these Australian technology startups.

Please join us at 5pm on 4 August 2004 at DSRD, Level 44 Grosvenor Place, 225 George Street, Sydney to:

- hear Professor Vitale present the findings from his research and understand its critical theses;
- hear Dr Merilyn Sleigh (CEO Evogenix Pty Ltd and a current Director of ABF) present a practical, business-oriented perspective on the study's findings;
- participate in the debate on how to build a visible, viable, and globally competitive biotechnology sector in Australia.

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Click here to download the invitation to this free event, which will be co-hosted with the NSW Department of State and Regional Development and the Australian Graduate School of Management. Register now as numbers are limited!



AUSTRALIAN BUSINESS FOUNDATION LEADING THE INNOVATION DEBATE

With the recent release of the second stage of the Federal Government's Backing Australia's Ability (BAA2) statement and various enquiries into Australia's research, science and technology efforts, the Foundation has taken the opportunity to distill critical intelligence from its research to help shape the innovation debate. Key points raised are:

- Don't equate science and research with innovation, but understanding their interconnection is vital.
- Pay more attention to the realities of business innovation.
- All the action is not with frontier technologies, but with the changing pattern of competitive business activity.
- Don't overlook high performing industries, with low R&D but high knowledge intensity.
- Strengthen industry's voice in the innovation debate, arguing particularly for help for SME's to absorb new knowledge and convert into viable products and services.

Click here for ABF's media release in response to BAA2, or for more information on Australian Business Foundation research, contact Peter Clifton-Smith, ABF's Research Analyst.

QUICK LINKS

- Commercialising Australian Biotechnology launch
- Australian Business Foundation leading Innovation Debate
- ABF-sponsored CEDA publication launched in Melbourne
- Knowledge Management - New Frontier for Productivity?
- Richard Florida's "Creative Class" and Regional Economic Development
- Welcome new corporate members
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ABF-SPONSORED CEDA PUBLICATION LAUNCHED IN MELBOURNE

At its National Conference in Melbourne on Thursday 29 April 2004, CEDA launched *Innovating Australia*, a collection of essays edited by Professor Ian Marsh of ANU. Professor Marsh is a former Director of the Australian Business Foundation and led ABF's 2000 study on Australia's wine industry.

The Foundation was delighted to host some of our Melbourne-based members and representatives of our corporate sponsors at the launch, at which Dr Brendan Nelson MP, Minister for Education, Science and Training, was the keynote speaker. Susan Oliver, a current Director of ABF, presented as part of an expert panel, highlighting the importance of boosting business innovation and the key roles of education and entrepreneurship in Australia's innovation system.

The *Innovating Australia* publication features three other contributors who are among the Foundation's current researchers:

- Professor Keith Smith, of the EU Joint Research Centre in Seville, Spain, is currently finalising an expert paper for ABF entitled *Innovation and the Knowledge Economy in Australia*.
- Don Scott-Kemmis, Director of the Innovation Management and Policy Program at ANU, is leading the *Innovation Performance in Australia* project, in which ABF is a partner.
- Professor Michael Vitale, of AGSM, has recently completed a study for ABF titled *Commercialising Australian Biotechnology*, which is to be launched on 4 August 2004 - details elsewhere in this newsletter.

To obtain a hard copy of *Innovating Australia* visit <http://www.ceda.com.au/>.

KNOWLEDGE MANAGEMENT - NEW FRONTIER FOR PRODUCTIVITY?

The productivity benefits from harnessing and effectively using organisational and individual knowledge were exposed at ABF's breakfast briefing held on 7 May 2004.

Guest speakers included the author of the recent ABF study *Knowledge Management in the New Business Environment*, Dr Richard Hall of accirt at the University of Sydney, and Peter Curran, from leading-edge Australian electronics manufacturing firm GPC Electronics.

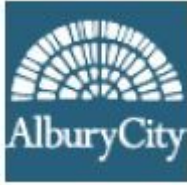
A key message from the day was that in today's interconnected, globalised economy, Australian firms need to capitalise on their individual, organisational, process and market knowledge to create solutions for demanding customers, for which they are prepared to pay a premium price. In this way, "know-who" is just as important "know-how", especially as having the best technology is a "given" in globalised, highly competitive industries. Contact us to purchase hard copies of *Knowledge Management and the New Business Environment*, or [click here](#) for a report of the briefing and to download the speakers' presentations.

WELCOME TO NEW ABF CORPORATE MEMBERS

We are glad to welcome the following new corporate members to the Australian Business Foundation for 2004:



The Australian Nuclear Science and Technology Organisation (ANSTO) is Australia's national nuclear research and development organisation and the centre of Australian nuclear expertise. The ANSTO Business Development unit is not only responsible for ANSTO's business interests, but has a broader mission to better apply "technologies and their relevant unique capabilities to increase the competitiveness of Australian industry, and improve the quality of life for all Australians".



Albury City Council is an innovative and dynamic local government Council, which is committed to sustainable regional development and business collaboration and maintaining high environmental standards.



Parramatta City Council is committed to building on Parramatta's success as a critically important industry hub and a dynamic centre for business. Initiatives include the Parramatta Economic Development Program and Parramatta First, which promotes the area as a knowledge-intensive, vibrant place to do business. Recent meetings with these corporate members have identified some exciting opportunities for the Foundation to contribute its research intelligence towards achieving shared goals, for boosting innovation and new capabilities in Australian businesses, and fostering the sustainable growth in regional areas.

Welcome to the ABF membership community!

For more information:

<http://www.ansto.com.au/abd/>

<http://www.alburycity.nsw.gov.au/>

<http://www.parracity.nsw.gov.au/>

RICHARD FLORIDA'S "CREATIVE CLASS" AND REGIONAL ECONOMIC DEVELOPMENT

In March of this year, Professor Richard Florida was in Sydney discussing his work at a series of forums and promoting his recently released book "Rise of the Creative Class".

Richard Florida's key thesis – his 'creative capital theory' – argues that "regional economic development is powered by creative people who prefer places that are diverse, tolerant and open to new ideas." This is part of a wider hypothesis that 'talent' – i.e. highly skilled 'knowledge workers' – is what will give regions the advantage to compete on the basis of knowledge, rather than on cost and efficiency alone.

Florida suggests that the so-called 'creative class' is evidence of the health of an economy, with high rates of growth, competitiveness and productivity.

Florida's hypothesis rings true with Australian Business Foundation intelligence which argues that in a knowledge-based economy, competitive advantage comes to regions which can harness the best people and resources which generate distinctive capabilities for business, leading to new products and services that people want to buy. In fact, the benefits of competing on knowledge and capabilities over competing on cost has been a consistent theme backed by several ABF studies, starting with inaugural research project The High Road or the Low Road by Professor Jane Marceau, Dr Karen Manley and Derek Sicklen which was published in 1997.

The current public discourse about Florida's ideas reminds us that regional economic development sits at the crossroads of different areas of scholarship. It bridges studies into innovation, urban and regional development and new emerging industries. The Australian Business Foundation's research intelligence has something to say on all these issues. Take a look particularly at our study titled Regional Infrastructure: New Economic Development Opportunities for the Hunter, Illawarra and Western Sydney Regions. This action research study looked at how more imaginative approaches to infrastructure could yield better economic benefit for these established industrial regions.

Similarly to Florida's work, ABF intelligence challenges the conventions on growing regional economies – attracting high-tech firms with tax-breaks and spending big on physical infrastructure is not enough.

One of the key insights from ABF's Regional Infrastructure study is that investment in 'knowledge infrastructure', like technology parks, industry clusters and education/business linkages can turn regions into hubs of high performance

industries. This knowledge infrastructure is needed to help regions compete on the basis of skills, distinctive know-how and fresh ideas and capabilities, and to act as a magnet to attract and retain the knowledge workers that Richard Florida labels the 'creative class'.

Yet creating regions as hubs for knowledge-intensive industries does not refer exclusively to high-technology, high-R&D firms. As Professor Keith Smith's latest research study for ABF - Innovation and the Knowledge Economy in

Australia - shows, firms can be strong performers with high levels of knowledge, but not from investment in R&D. Their knowledge comes from learning by doing, by using technology and by interacting with others. Knowledge is at the heart of business innovation. Successful firms compete by their superior ability to learn and to harness and capitalise on their own distinctive sources of knowledge. ABF's current research on innovation and knowledge management, like the latest study by Dr Richard Hall of accirt at the University of Sydney, backs this up.

Richard Florida's multidisciplinary approach has been developed from disparate strands of research, which rings true with Australian Business Foundation intelligence that suggests more imaginative strategies are needed for regional areas to attract knowledge workers and build critical mass in high value sectors.

The Hornery Institute hosted Professor Florida in March 2004. ABF's correspondent Lachlan Austin was present at the forum to discuss his work - [click here for the full report](#).

[Click here for more information on ABF's study Regional Infrastructure: New Economic Development Opportunities for the Hunter, Illawarra and Western Sydney Regions](#), or visit our website for details on other studies.

OUR SPONSORS

The Australian Business Foundation is principally sponsored by its founder, Australian Business Limited, the eminent industry organisation.

The Foundation is also delighted to have major sponsorship from:

- PricewaterhouseCoopers
- UBS and
- Westpac Business Bank.



All of these prestigious firms are 'thought leaders', and we are pleased to work with them to advance knowledge and debate about the future prosperity and growth of Australian businesses.

THE LAST WORD

Many thanks to those who completed the ABF member survey. Your insights, comments and suggestions have been most helpful in developing and building a more interactive membership. Stay tuned for more to come!

In The Loop is envisaged to be an interactive e-update for the membership community of the Australian Business Foundation. It aims to keep you informed about the activities of ABF and the latest on issues of Australian business competitiveness, innovation and opportunities from a knowledge-based economy.

If you or your organisation is working on a product, service, research project or event that furthers new thinking on these topics, or that you feel would be of interest and benefit to other ABF members, please contact:

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