

Paul Orton
Australian Business Limited


Paul Orton is the General Manager for Policy and Communications with Australian Business Limited. Paul has a background in policy development, public affairs and economics and is responsible for putting the industry voice to government on issues from economic and industry policy to environmental management and workplace safety. Prior to joining Australian Business Limited, Paul worked for a major bank in business development and communications and for a number of NSW government departments and ministers.

In the following presentation Paul reflects on some of the key issues facing “ordinary” companies in Australia today—some of the 14,000 companies ABL engages with on a day to day basis. Below you will find the PowerPoint slides and the key messages from Paul’s presentation.

AB Foundation Forum

How robust is Australia's economic performance?

- lower growth, low inflation
- Federal Treasury's mid year economic review due Wednesday 27 Nov
- uncertainty



- Based on the impact of the drought and the weaker global environment, the Federal Treasury’s 2002-03 Mid-Year Economic and Fiscal Outlook (<http://www.treasury.gov.au>) confirms a downside uncertainty for the Australian economy in the months ahead with predictions of both lower growth and lower inflation.
- “Increased uncertainty is the enemy of investment decision making.” For the broad economy the downside uncertainties into the future have grown and are likely to create even more pressure on costs and prices.

- For businesses this uncertainty means that increasingly managers have less control over prices and profits—even if sales have increased, profits have not increased at the same rate.

AB Foundation Forum



What does this mean for business competitiveness?

- even less opportunity to put up prices - especially for commodities
- non-price competition - knowledge and people
- increasing productivity - more value per unit of input



- In this environment non-price competition, increasing productivity—more value per unit of input—and the better application of knowledge is more than ever the better way of delivering improved results for shareholders and business owners.
- An important contribution to this sort of competitiveness will be and is being derived from human capital and from good knowledge management.
- The question ABL gets asked is: "How can we identify that embedded and tacit knowledge and how can we harness that to create more value for customers?"
- Thus, the single biggest issue for Australian Businesses in the future is how to find, keep and skill the right people.

AB Foundation Forum



Biggest issue for Australian businesses

- 'people' issues biggest concern
- issue for both 'maintenance' and 'growth' businesses
- pressure to spend less time on 'soft' issue - improving people productivity
- yet people are the foundation of competitiveness
- what will give?



- ABL surveyed its members earlier this year for the purposes of lobbying both the existing and prospective NSW state governments in the lead up to the election. After speaking to 400 businesses, it was clear that the issue of getting better access to a skilled workforce was uppermost in their minds. 76% identified the issue of accessing and utilising the skills of the workforce as either very important or important.
- Market research ABL has conducted to tailor the services it offers to business has again highlighted the above issue. In interviews with a large number of SME's, the issue that emerged was "harmony of the workplace." Finding the right people, retaining them, remunerating them and developing their careers—this was found to be an issue regardless of the stage of development of the business.
- In this context, the emerging issue for management will increasingly be how they're going to find time to engage more directly in staff issues; recruitment, training, leadership and career development.
- To maximise the value of staff it is vital that management engages in activities that unleash and mobilise staff knowledge, improve the capacity of staff to interact with customers, help to create relationships with peers, suppliers and help to bring new customers into the business. Unfortunately the opportunities for management to spend time on engendering these kinds of behaviours are likely to be less in an environment characterised by greater uncertainty with more pressure on costs and prices.
- In the current uncertain economic environment, there is a vital need in Australian business to make sure that management time is not diverted from the key issue of mobilising the capacity of staff to contribute to business growth and create competitive advantage.