

THE IMPORTANCE OF BEING COLLABORATIVE

Perhaps you've seen "The Importance of Being Earnest" by Oscar Wilde, a farcical play in which two young gentlemen living in 1890s England both use the same pseudonym ("Ernest") on the sly. That's fine and dandy until they both fall in love with women using that name, which leads to a comedy of mistaken identities. If only those two sly foxes had spoken to each other first!

At least they weren't chasing the same woman!

However, Australian business can be even more farcical. We can all cite examples where two companies selling the same product focus so much on competing with each other courting their local market that they miss much greater global markets that could be within reach by working together. What is it that prevents us being collaborative?

I can hear it now. "Our product is better than theirs!". "Our after-sales support is better resourced". "They use cheap imports". Yet companies with such attitudes will either succeed by destroying others, or will remain small and confined. For if innovation is the business mantra of this decade, collaboration is surely what will underpin it.

The concept of 'open innovation' is all about sourcing and developing new ideas and intellectual property from other organisations, and in taking product components to new markets, or in different applications, with other organisations. It requires deep, trusted collaboration. Collaboration, partnering and technology integration are inexorably linked to innovation.

Consider the evidence. A Global CEO survey conducted by IBM surveyed over 1000 companies ranging from SMEs to multinationals, and found that of the three most significant sources of innovation for companies, two were sourced from outside the organisation. Three-quarters of CEOs reported collaboration as "being of great importance". A key finding was that companies with higher revenue growth and better operating margins reported using external sources significantly more than slower growth companies. When IBM analysed operating margin results, for example, over half of the extensive collaborators outperformed their closest competitors. Collaboration pays off.

However, as many of the CEOs surveyed explained, collaboration and partnering is "theoretically easy," but "practically hard to do." Whether it involves crossing internal or corporate boundaries, collaboration requires serious intent. As one CEO put it, "having a few beers together is not collaboration. Collaboration is a discipline." It requires identification of partners, resources, and managing complexity.

The AIC has been involved as an intermediary organisation facilitating collaborations between stakeholders for several years. TechFast is an acclaimed business to research-organisation program that builds collaboration. More recently, we have developed a pilot program to encourage greater collaboration in the government procurement process, which typically has focussed on open tendering, least cost, and rapid delivery – not a great environment for innovation, particularly for small businesses. **Yet because of the often large dollars involved, public-private partnerships present one of the greatest opportunities for the development of innovative solutions by local partners. Unfortunately, time or budget rarely allows it to happen.** To be successful, it requires early collaboration, so industry is aware of potential government procurement needs well before they are formally announced, and the research and development cycle is already aligned.

As a first step, governments ask the AIC to manage technology clinics in specific domain areas where we bring to the table government agencies with requirements, for example, in first responder services, together with R&D providers and industry players. Such a facilitated process introduces to each other stakeholders that are often unaware of the others' capabilities and requirements, before the procurement process has begun, so that missing or needed IP can be identified, developed, or acquired, in time for the large procurement spends.

We have also developed frameworks and facilitated a number of collaborative R&D initiatives for governments. The frameworks comprise a set of specific governance processes that provide probity into the process for identifying and selecting partners. This framework has now been adopted as policy in agencies (such as Queensland Health) to govern collaborative R&D activity. Coupled with this framework are services to access networks and protocols that allow stakeholders to jointly develop new proof of concept technologies where any new IP is shared and commercialisation rights are conferred. This avoids the usual tug of war over who owns the IP developed as part of the procurement cycle, and also allows small businesses to become involved early enough in the process so that they are prepared once a decision to purchase has been made. For example, in the health domain we are working with Queensland Health's department responsible for new hospital works, to put in place collaborative R&D arrangements for new hospital initiatives. This allows government to develop and pilot innovative new technologies that are directly linked to optimising patient outcomes. In this way, outcomes from collaborative R&D activity can inform the business case for procurement and leverage existing expertise, capabilities and intellectual property of collaborating partners.

In a typical business process, collaboration intensity might start out as a market-based transaction across unit boundaries. Later, a key customer or supply chain might develop enabling more informal sharing of information. A deeper form of collaboration might then evolve, with joint product development or account management, which requires sharing and creating knowledge, both tacit and explicit. However, the deepest form of collaboration is where partners have common goals and leverage each other's skills and resources. They collect and create knowledge, but use it to share and create new insights. They have mutual destinies, aimed at creating new competitive spaces.

Let's focus less on competing locally and become more earnest about collaboration!