



Contractors drive innovation

# Being the best in construction

Innovation is essential for any business to grow. Fortunately it is innate in all of us, though the key to unlocking it is often hard to find. **By Mark Cooper**

**T**he building and construction industry in Australia is currently expanding energetically and many contractors already have too much work.

Burning up time and energy on developing innovative practices has little appeal to most in the industry.

Consequently the construction industry has one of the lowest innovation rates of any in Australia.

Australian Bureau of Statistics ranks the construction industry third from last in percentage of business expenditure on innovation and second from last in

income generated from innovation.

**Only way to improve tight profit margins**

To innovate is to try a new way of doing

Construction Innovation.

Innovation is one of the few ways to improve profit margins and is essential for business longevity, he said in a statement.

"Without innovation, your business will not be around in the long term, and in the short term innovation is the only way to improve tight profit margins."

Simply

increasing work output or decreasing costs are not effective paths to increased business profits; new ways of increasing productivity must be sought to achieve lasting growth.

**“Your business needs to take advantage of the good times to position itself for survival and growth through lean times.”**

something, using new practices and technologies, to be constantly striving for a better, more efficient and safer way to improve productivity, according to Dr Keith Hampson of CRC for





### How innovative is your company? Test yourself.

	Level 1 I haven't thought about it	Level 2 I am thinking of doing something	Level 3 Yes	Level 4 Yes, and we are constantly improving	Level 5 Yes, we represent the best practice
1. Do you have robust relationships with key industry participants (e.g. clients, manufacturers, consultants, and technical support providers)?					
2. Do you actively monitor international best practice in your field?					
3. Do you actively monitor advances in related industries that might be applicable to your business?					
4. Do you have a formal system for transferring project learnings to your continuous business processes?					
5. Do you view problems or failures as opportunities for learning and growth?					
6. When you make changes, do you measure how well the changes have worked?					
7. Do you seek to win projects with 'demanding' clients?					
8. Do you allow sufficient time for value management, planning and review activities?					
9. Do you invest in R&D?					
<b>Sub-totals</b>					
				<b>Final score</b>	

"Your business needs to take advantage of the good times to position itself for survival and growth through lean times," his statement said.

"Simply moving from a business-as-usual mode of operating to adopting best practice, or even better practice, is innovative.

Dr Hampson is chief executive of CRC, a national collaboration creating technologies, tools and processes for the property, design, construction and facility management sectors.

Its goal is to disseminate practical research outcomes to the construction industry.

#### 20 of Australia's best

CRC has just wrapped up its BRITE project, which included research on techniques to improve excellence and

innovation among construction companies. The research was to understand the management behaviours that contribute to successful innovation, thus providing lessons for contractors to improve their own performance.

In the report 'Being the Best', 20 of Australia's most innovative contractors openly discussed management practices that define their innovative construction practices.

A common thread among the companies interviewed is a deep-seated respect for employees, and recognition of their value as a long-term, stable, in-house workforce for developing innovative ideas and an innovation strategy.

"The most innovative contractors in Australia are also the most successful

and the key driver underpinning their success is their relationships with competent clients and with universities", said BRITE team leader Karen Manley.

"Innovative contractors also value clients who are willing to negotiate and involve the contractor at an early stage in the project, when they can provide input to project design."

"The interviewed companies put considerable effort into understanding client needs as early as possible, to enhance innovation opportunities."

The best practice strategies of the 20 contractors fall under four headings in the report: employees, innovation, government initiatives and clients.

#### Employees

Employee relations are a primary focus





### Australian government schemes to help innovation

#### Innovation

- research and development (R&D) tax concession
- university research
- innovation grants
- Australian Technology Showcase

#### Employment

- industrial relations changes
- skills shortage policies
- training initiatives
- technical colleges
- school-based education programmes

#### Business Development

- loans and grants
- business development seminars
- export market development initiatives
- technology parks
- international agreements
- government advisors

#### Regulation

- environmental legislation
- safety legislation
- building standards
- approvals and licences
- income tax

and the companies surveyed placed a high priority on employee training and retention.

Providing a wide range of performance incentives to staff as well as having advanced training schemes promotes a stable, loyal, in-house workforce and is a key to innovative thinking.

Innovators see their own employees as their main source of innovation and place emphasis on employee satisfaction, an attitude which ensures that they are perceived as an employer-of-choice by potential employees.

As stated, these companies put considerable effort into understanding client needs as early as possible, and maintain knowledge bases containing learning from previous projects.

#### Government Initiatives

The most innovative contractors in Australia identified several government schemes as supporting their innovation programmes. See table above.

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#### Innovation

Pursuit of new avenues for innovation such as active networking relationships with industry associations and universities and being receptive to ideas they provide was important.

Those who succeed, adopt a “long-look-forward” to identify potential areas for innovation rather than simply relying on innovation driven by immediate site-based problems.

It was found that large contractors are more likely to access government initiatives than small contractors, and are more likely to be happy with them. Small contractors are inclined to find the application processes too onerous to justify the potential reward.

#### Clients

A good working relationship with the

client, along with open and clear communication, is a valuable and practical method to hunt for innovation.

Seek work with highly competent, repeat clients that have strong internal technical capabilities. It is important to appreciate that difficult client requirements can be an important source of innovative ideas.

#### Idea generation

Overall, the research found that Australia’s most innovative contractors are more likely to learn from employees, R&D and competent clients than other contractors.

High-level innovators also

appear to be more likely to acknowledge these factors as central to idea generation and hence innovation, than other contractors

#### Robust

Australia’s most innovative contractors have a robust innovation programme in place, based on the strategies described above.