

Innovate – it's about Being the Best

By Keith Hampson

At a time when the Australian building and construction market is vibrant, industry may regard innovation somewhat reluctantly.

After all, why focus on improving your performance when work is plentiful?

However, innovation is the main driver for increased business profits and improved project outcomes. 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.

Innovation is about trying something new, that is, implementing new technologies and new practices in order to improve productivity or other project outcomes related to safety, quality and the environment for example. It does not have to be world-first innovation – simply moving from a business-as-usual mode of operating to adopting best practice, or even better practice, is innovative.

Construction Innovation's Building, Research, Innovation, Technology and Environment (BRITE) project led by QUT's Karen Manley, has undertaken research assessing industry performance over recent years.

While there have been significant improvements, the construction industry has one of the lowest innovation rates of any industry in Australia.

It ranks third last across all Australian industries in terms of the proportion of business expenditure on innovation and second last in terms of the proportion of income generated from innovation (ABS 8158.0, 2006).

The good news is that the situation

is likely to improve in the future with recent Australian Bureau of Statistics showing that the number of construction firms innovating rose 4 per cent between 2002 and 2004.

This is good news because the construction sector has strong multiplier linkages with important industries in the economy, particularly transport and mining.

Using macroeconomic modelling techniques, the impact on GDP of increased productivity in different sectors can be forecast.

For example, if a one-off sustained 10 per cent improvement in productivity is assumed in each service sector in the Australian economy, and the impact on GDP is compared, the construction sector will have the biggest average annual impact, at 3 per cent over 20 years (2000-2020).

Taking a "sector" view, to include the cluster of companies representing the construction sector such as architects, consultants and materials/components suppliers and facilities management, the industry's contribution to GDP is up to 20 per cent. That is, one in every five dollars generated in the Australian economy is generated by the construction sector.

Construction Innovation research activities – in particular, the work undertaken by the BRITE project – have played a key role in contributing to these rising innovation rates.

The BRITE project has been developed with the active support of Arup, QUT, CSIRO and the Queensland Government departments of State Development and Innovation, Main Roads and Public Works.

BRITE's aim is to improve the incidence and quality of innovation in the Australian building and construction industry. Over the four years the project has been operating, it has:

- Produced 12 major case studies on innovative construction projects in Australia. These case studies focused on the benefits achieved from innovation and how obstacles were overcome.
- Undertaken, with the assistance of the ABS, the first national innovation survey of the industry ever conducted, covering over 1,000 firms. The aim of this survey was to assess current performance and provide the opportunity for benchmarking in future ABS studies.
- Developed a national database of innovative contractors, who had to pass a hurdle score to be registered. The purpose of the database is to provide an independent source of recognition for contractors' innovation and to assist with business-to-business networking.
- Conducted an interview program covering 20 of Australia's most innovative contractors to identify best practice strategies that can be disseminated to smaller contractors.

Construction innovation has recently released the last in the series of reports generated by the BRITE project – Being the Best. This publication has been developed from the interviews undertaken with 20 of Australia's most innovative contractors and also includes nine examples of project-based innovation by Australian contractors.

This report – and all the case studies and publications produced by the

BRITE project – are available free of charge. They can be downloaded from the BRITE website: www.brite.crci.info.

Being the Best found that the industry's leading innovators shared the key ability to think strategically about their business relationships and use them to drive innovation performance.

The report identifies the competencies that revolve around business relationships with employees, clients, project team members, knowledge providers and government that drive innovation.

The report's companion Innovation Gallery 2007 contains examples of project-based innovation drawn from the activities of the contractors interviewed. The case studies detail challenges encountered, innovation processes and project outcomes.

As the report demonstrates, innovation is not just the domain of the "big" players in the construction industry. Small and medium-sized enterprises (SMEs) make up 90 per cent of the construction industry. Any productivity gains SMEs can achieve will have an enormous impact on industry productivity.

Industry activity is highly cyclical. Don't wait until work is scarce – now is the time to expand your commitment to innovation.

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

This is what Australia's most highly innovative contractors are doing. ■