

I N N O V A T I O N

Focussing on the skills needed to foster **innovation**, boost business profitability and build individual and organisational capability.

IBSA's BLUEPRINT FOR ACTION ON INNOVATION



P O S S I B I L I T I E S

This paper was prepared by Innovation and Business Skills Australia (IBSA) following the IBSA National Search Conference 2007. Industry input through the conference presentations and discussions has been considered by the IBSA Board and six Sector Advisory Committees and used as the basis of this blueprint

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The IBSA Board has agreed that IBSA will more clearly position innovation as a central focus, driving and invigorating all of the organisation's functions. IBSA aims to become a model innovative organisation, identifying best practice nationally and internationally and applying it to our operations to innovate with existing products and work collaboratively with enterprises and training providers.

Through sharing knowledge and leading by example we will work to boost the innovative capacity of the Australian workforce, including the capabilities of organisations, leaders, educators and individual workers. Our vision is for progress on three interrelated goals:

- *Inspiring a culture of innovation*
- *Developing leaders*
- *Building workforce capacity*

To succeed we will need the support and collaboration of informed people from across industry and the VET and research sectors. We hope you will join us as we strive to meet the challenges of developing Australia's workforce for an innovation economy.

Overview

The IBSA National Search Conference 2007 brought together approximately 100 leaders in their field for a participatory, invitation-only forum to grapple with notions of creativity, innovation and talent development. The conference sought ideas for the future strategic direction of IBSA through consideration of Australia's innovative capability.

Presentations from a variety of speakers, facilitated conversations and input via the conference blog generated ideas and advice to guide IBSA's future work. Actions inspired by the conference have the potential to spark a new direction for IBSA's operation. IBSA has the opportunity to reframe its activities with innovation driving and invigorating all of the organisation's roles and functions.

Future directions for IBSA fall into four areas of strategic action, where IBSA can take on roles that will have a national impact. They are:

CONTEXT

IBSA can contribute to shaping national systems that enable and support innovation: through participating in national dialogue, influencing policy, partnering with government agencies, peak bodies, industry associations and training providers, giving voice to industry needs and identifying industry requirements and trends.

CULTURE

IBSA can help to create a national culture that establishes and sustains innovation: through dialogue with industry, acting as a role model, sharing knowledge with training providers and employers, documenting and disseminating case studies and examples of success.

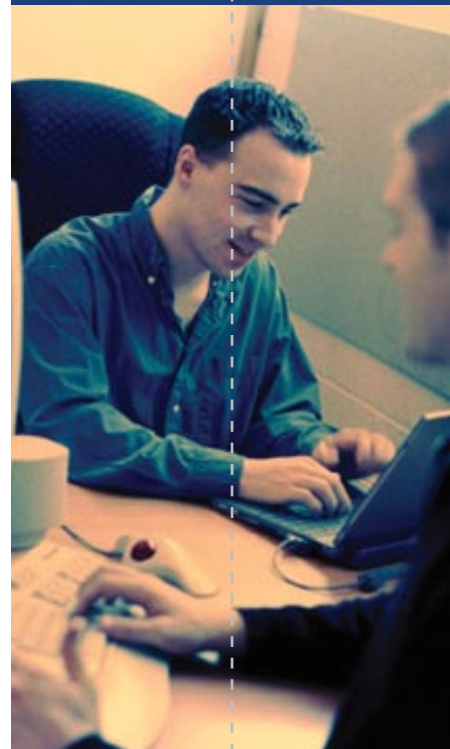
CONNECTIONS

IBSA can model new ways of working to nurture/enable innovation: by building and extending connections with a wide range of other organisations/networks/individuals both nationally and internationally to build and share knowledge, responding to changing industry and workforce requirements, capturing and capitalising on new thinking/ideas, working as an intermediary to link key players.

CAPABILITY

IBSA can support the development of the skills needed for a flexible, innovative and adaptable workforce: by broadening the focus from skills development to capability building and considering the requirements for innovative capability and leadership in the development of training products.

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P O S S I B I L I T I E S

Context: Shaping the system

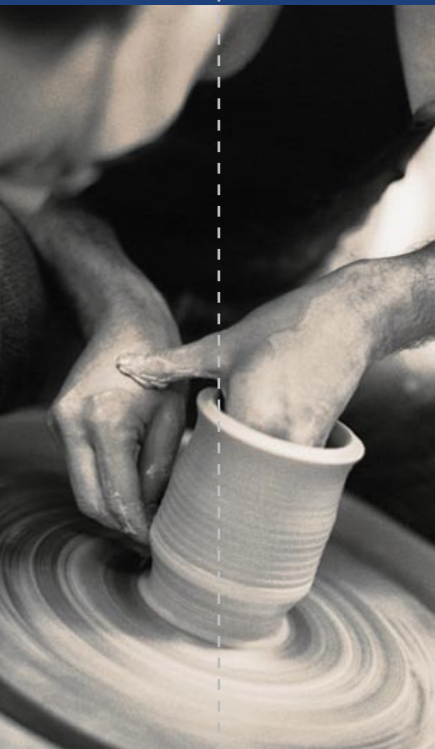
This needs to be recognised nationally as an urgent issue and a key priority of government.

Roy Green, Macquarie Graduate School of Management

We look at how we can differentiate ourselves now on a global scale

Steve Wood, Tennis Australia

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There are no standard measures that quantify the innovative capacity of an economy, or nation. Economic measures cannot capture all of the factors that allow innovation to flourish – cultural, social and political factors will also play a key role – but economic measures do provide some insight into how conducive an environment might be for the development and implementation of new ideas.

By a number of these measures, Australia is lagging the world. Our investment in higher education and research and development is comparatively low, as is our use of software in businesses and services. Australian business spending on R&D is less than 1% of GDP compared with an average 1.5% in the rest of the OECD. The EU aims to raise this figure to 3% and most countries in Europe are proceeding actively in this direction; Sweden and Finland have already passed this target. And China has also set its sights on achieving business investment in R&D of 3% of GDP.

While there is growing awareness in Australia at a national level of the need to be more innovative, it is not enough merely to espouse 'innovation'. The right conditions need to exist for innovation to occur. It has been argued that what Australia is particularly missing is a national innovation system: a framework within which public agencies, research and educational institutions and services all work together.

Other infrastructure inhibitors of innovation noted at the conference are:

- copyright/IP
- bandwidth
- skill shortages
- lack of clusters/sticky spaces
- funding support for innovation

Australia can learn from international examples of innovative economies. We can look at experiences abroad to assist in the identification of areas of future potential for us. As noted by Professor Roy Green in his presentation at the conference, 'just because we are not technology makers, it doesn't follow that we must be technology takers – we can be technology integrators'.

There is a link between innovative cultures and funding. There are successful examples within Australia where structured approaches to funding innovation/education have yielded results: Department of Communication, Information Technology and the Arts, Institute for Trade Skills Excellence, Multimedia Victoria and Queensland Smart State initiatives were noted by conference participants.

There is urgency to increase the national focus on innovation and recognise action in this area as a key priority of government. Such a focus could:

- develop a national vision or framework for innovation in order to foster a national culture of enterprise and entrepreneurship
- establish a national agency responsible for innovation to guide all government departments and agencies and to sponsor the establishment of collaborative relationships, strategic alliances and industry clusters
- develop mechanisms to measure innovation and benchmark on a global level
- increase spending on R&D to foster innovation and develop innovation capabilities at the organisational level
- return to the Karpin report to reconsider management/leadership requirements for an innovative economy
- systematically plan and foster innovation within a context of global market opportunity
- develop mechanisms for collaboration between State/Federal governments and industry
- support universities in their 'third mission' role as an open source and hub within communities
- review funding mechanisms for workforce development to ensure responsiveness to industry/individual needs

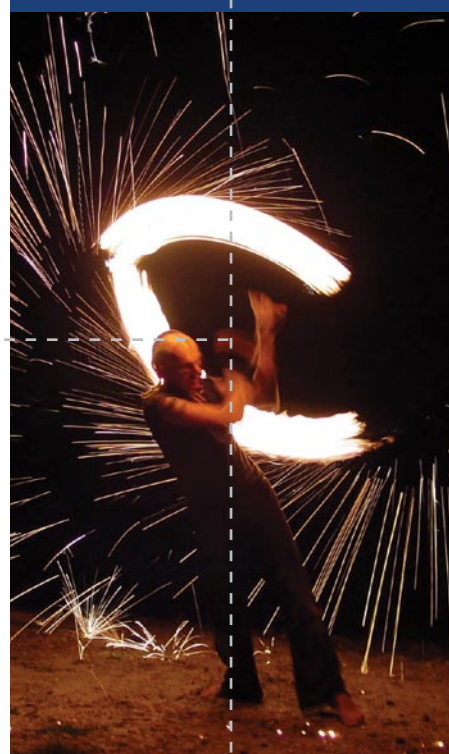
Taking action

Because innovation is crucial to industry and to workforce development, there is a compelling reason for IBSA to divert from its traditional role to become involved in dialogue on all issues that impact on business innovation. There is a role for IBSA to encourage government to make more structured, sustained and focussed commitments to innovation. To do this IBSA needs to adopt a position in the broader space of policy advice and act as an advocate for change.

In taking on this role, IBSA can seek to add value to public debate by offering informed comment that considers policy and infrastructure issues in the light of their impact on the development of an innovative workforce and economy. Issues that are of interest to IBSA include:

- the measurement of innovation
- the impact of the whole education sector on workforce skills/capability
- technology infrastructure and policy – bandwidth, regulation, IP
- the development of a management culture in organisations
- research into capabilities for innovation and its commercialisation

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Culture: Re-shaping organisational culture and leadership

Too much innovation is focused on new products and processes, not enough is focussed on the organisation.

Heather Ridout, Australian Industry Group

If we have an incentive scheme to encourage people to be creative it would raise awareness – even if people didn't take it up.

Terry Polkinghorn, REDCentre

The more we highlight innovation and creativity as special and cherished, the further we move away from establishing both as 'the way we do things round here', i.e. a norm that we don't need to draw particular attention to.

Nigel Paine via IBSA Search blog

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Rapid changes to the world business environment in recent decades have brought about the need for innovation at all levels of organisations. The key drivers of change are:

- global competition
- connectedness/new technology
- speed of change, speed of expected business turnaround
- workforce diversity – age, gender, cultural background
- cultural priorities – quality of life, workplace flexibility, security
- climate change/social responsibility

But traditional organisational structures and leadership approaches can be obstacles to innovative ways of working. There is a degree of tension between designing systems for efficiency or for innovation. Other cultural obstacles to innovation are:

- lack of tolerance of mistakes – people need to learn from mistakes, but in our education and business systems success is based on not making mistakes
- risk management, performance management, quality assessment, etc entrench current behaviour and actively discourage new thinking or the testing of new ideas
- business performance tends to be assessed on short-term, bottom line measures rather than thinking for the future
- a focus on the individual is at odds with the collaboration required for innovation

As Heather Ridout stated, 'there is a need for different models and different organisational structures to match the different globalised world'. Leadership is a strategic leverage point for influencing organisational culture. Cultural change needs to come from the top, and be modelled by leaders, for it to be accepted and believed by the whole organisation.

Similarly research has revealed that HR and training are only effective when they are in sync with organisational culture and practice. Organisations need a learning orientation for training programs to have an impact. A commitment to nationally recognised training impacts on organisational culture by democratising it and has an enormous impact on access to skills and learning at all levels.

For Australia to have an innovative economy our organisations need a culture that will:

- welcome diversity and capitalise on the strengths that different people bring to the table (women, different generations, people from diverse cultural backgrounds, people from outside disciplines)
- actively develop leadership capability and recognise that diversity is necessary in leadership, there is not one right way of leading for innovation (an R&D-type incentive could raise awareness of the importance of developing leaders and send a message about the value of this activity to the nation)
- value creativity and ideas and encourage thinking outside the normal boundaries, but maintain focus on the need to commercialise ideas
- recognise that all people can be thinkers and innovators – it is not the exclusive domain of intellectuals
- accept that not all ideas will be a success and give people the opportunity to have ideas that might be wrong (permission for employees to do work that is not related to the job-at-hand or on the company's agenda)
- recognise the importance of innovation for future profitability and sustainability and acknowledge that innovation and efficiency each have a place in a well-run organisation
- celebrate and respect learning and provide opportunities for people to learn through the experience of doing their work
- strive for flat and flexible structures that allow information and ideas to be shared easily (direct communication channels between ideas generators and decision-makers)

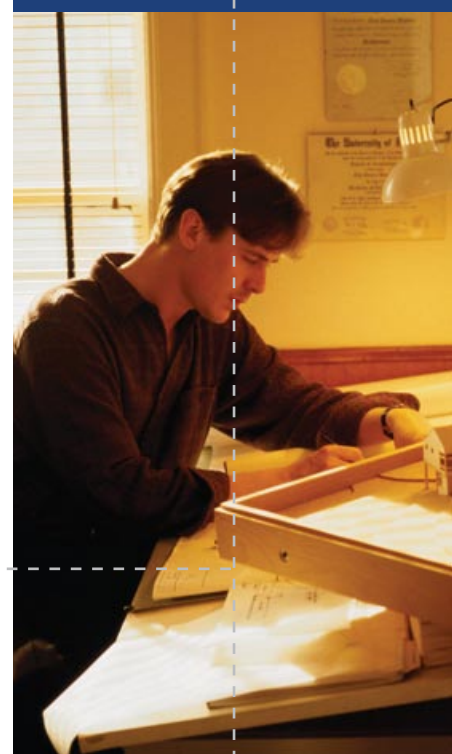
Taking action

There is a need to re-shape workplace culture to foster innovation. IBSA can aid this process by working with and advising employers on more holistic approaches to workforce development. IBSA's training products will provide the basis for workforce development solutions that will help employers to meet the challenges of rapid change and global competition.

IBSA can:

- provide messages to industry about innovation – and training and development being central to product and profit – in a non-threatening manner to overcome resistance to change
- build acceptance and recognition by industry that IBSA has a role in bringing about cultural change
- initiate a more conscious leadership role in providing success stories with a focus on organisational leadership and the nurturing of innovation
- use research to identify explicit conditions that cause innovation, and the commercialisation of innovation, to occur and share this knowledge with Australian industry
- identify and promote international best practice models for innovation
- capture examples of workforce development best practice and success – learn how people can and do (or why they don't) use IBSA training products, share that information with others and use it to inform future developments
- identify industry needs for training products to develop leadership skills – especially for frontline leaders

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Connections: Building connectivity and collaboration

We don't have the boundaries right yet on how to collaborate AND compete.

Andy Smith, Charles Sturt University

There has been too much attention to the cult of the individual. We have focussed on creating individual entrepreneurs. We need to focus more on collaboration.

Grant Kearney, IXC Australia

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To operate in an innovative economy requires doing things differently. Collaboration and access to knowledge/information is paramount. Organisations and individual workers need to stay informed and expand their access to new information by tapping into knowledge networks. They also need the ability to process and act on that information.

Currently Australian business seems to be obsessed with the need to be competitive at all costs, but in some fields the benefits of collaboration have been demonstrated. By forcing young players to collaborate Tennis Australia has shown that individual performance improves if the whole group is performing. Approaches that encourage collaboration and team work in organisations have been found to have a significant effect on the retention of talented staff.

REDCentre and IXC Australia are successful mechanisms for enabling collaboration between organisations and research centres. Grant Kearney from IXC Australia makes the point that, 'ideas in themselves are pretty useless... you need to take the idea and do something with it. Connecting the right people and the right ideas at the right time is the way to do this.'

Collaborating with customers and stakeholders can also fuel innovation by tapping into the creativity of people outside the organisation. Gus Balbontin from Lonely Planet stated that, 'harnessing input works better than trying to push things to consumers. Creativity exists everywhere – especially in the customer base.'

To build the innovative capacity of the Australian workforce we need to:

- imbue the workforce with the ability to collaborate – to share and build on the ideas of others
- develop an understanding within organisations that you can be competitive by collaborating
- learn more about how to collaborate – it requires an entirely different mindset and more consideration needs to be given to how it can be developed and supported in organisations and individuals
- create a culture that values contribution and does not punish failure
- build better mechanisms for bringing people together

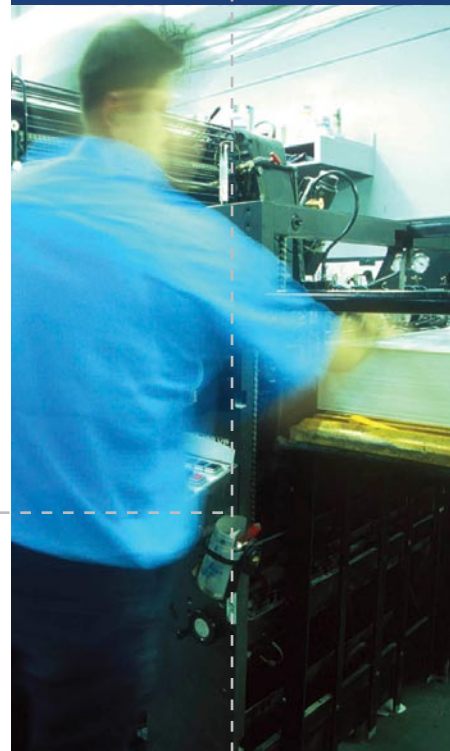
Taking action

IBSA aims to become a model innovative organisation by practising what it preaches in relation to leadership, collaboration, creativity and managing knowledge. By adopting a networked approach to working in a more fluid and interactive way with a range of stakeholders IBSA can create a rich environment in which to develop and grow new ideas. IBSA can make better use of its existing networks and build new partnerships and collaborative relationships, including connections with like-minded organisations and sources of information/knowledge around the world, to establish an informal global learning network for innovation.

To build connectivity and collaboration IBSA proposes to:

- create and support knowledge banks, clusters and networks – that encourage/enable collaboration between companies within and across industries
- establish and moderate strategic learning networks between industry, universities, research entities, entrepreneurs and venture capitalists
- build understanding of the skills required for collaboration and how those skills can be developed in individuals and organisations

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Capability: Moving beyond skills

People now need to have whole sets of skills and capabilities that used to be only within certain sectors.

Tom Bentley, Executive Director for Policy and Cabinet Victoria

We really need to encourage this openness of mind and the ability to question.

Brenda Read, Telstra NSW Businesswoman of the Year

Thinking from outside the normal boundaries is important.

Gus Balbontin, Lonely Planet

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The workforce needs new, or newly emphasised, skills and capabilities to support an innovative economy. Innovation is not a skill or capability of its own, it is the application in a specific context of a combination of skills/capabilities and knowledge. Capabilities that are required for innovation are:

- collaboration, teamwork, mentoring and playing to lose
- building networks, knowledge sharing
- questioning, problem solving, critical thinking, thinking outside the square
- listening and communication
- thinking across disciplines, lateral thinking, making connections, improvising
- leadership (at all levels), confidence/resilience, willingness to take risks

These skills need to be available for delivery. In many cases the education system is seen as too slow when skills are needed in the workplace/business immediately. Learning from colleagues, mentors, entrepreneurs is highly valued for its speed and instant applicability. Large organisations with established in-house training programs have found that their employees' personal preferential networks are a more powerful learning tool than company training materials.

Tom Bentley emphasised that people learn through imitation and iteration and so opportunities for learning in the workplace abound – through copying colleagues and participating in organisational routines. By paying more attention to the underlying processes in our organisations we could support people to learn through the experience of doing their work.

The recognition of learning is still important, both to individuals and to employers, and so the challenge is to find mechanisms for recognising informal learning. However there is a need to move away from prescriptive notions of training and skills to a focus on the connections between people and organisations. We need to help people build their own knowledge networks including formal and informal sources for learning and knowledge building. We need to shift from a focus on training events to enabling a state of connectedness that allows continuous learning and development.

Taking action

There is a clear imperative for IBSA to maximise the potential of existing Training Packages by considering new ways in which they can be used. In times of increasingly short supply of labour, industry needs more varied and creative ways to build workforce capability and innovative business solutions. Through fresh thinking around Training Packages and their implementation, IBSA will expand the ways in which they can meet workforce development needs.

IBSA will need to:

- recognise that the skills required for innovation (collaboration, critical thinking, questioning, communication, making connections, etc) are not an add-on, they need to be developed in tandem with the development of the skills and knowledge of a particular discipline, they need to be embedded in a context
- give consideration to how people develop skills, especially in the workplace, and use this knowledge to create shorter, sharper options for capability development
- work with training providers to develop models of how training products can be used to build innovative capability in the real world (based on trials/case studies) and provide support services for employers and RTOs based on expertise developed through real knowledge of implementation
- move beyond competence to the broader notion of capability (from tangible to intangible) – work with other ISCs to consider how capabilities can be captured, described, delivered, developed, assessed and how innovation capability can be included in TPs
- develop employee profiles of new knowledge workers that highlight fresh insights into issues and dilemmas impeding innovation, such as skills fluidity, risk mitigation and the optimisation of talent
- work with professional associations on PD plans for industry – build implementation strategies that are tailored to industry needs and get traction with innovation agenda
- consider the needs of small/micro business – create networking and capability development/ knowledge building solutions that will work for this audience

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The way forward

This Blueprint signals IBSA's intention to take action to support necessary change in workplace culture and to build the innovative capability of the Australian workforce. In doing so IBSA aims to lead by example as a model innovative organisation, identifying best practice nationally and internationally and sharing knowledge with enterprises and training providers.

This direction is consistent with IBSA's role as an Industry Skills Council and custodian of eleven Training Packages. IBSA is of the view that the industry intelligence contained within Training Packages is a valuable resource that could be used more extensively and ingeniously for workforce development. By considering their implementation in greater depth and putting them to use in a wider variety of ways, IBSA's work will take Training Packages to another level and maximise their usefulness for all Australian industry.

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