

Ruth Callaghan writes

INNOVATION MEANS MORE THAN JUST MAKING CHANGES – IT IS ABOUT FINDING NEW WAYS OF THINKING, AND BRINGING CUSTOMERS, MANAGEMENT AND STAFF ALONG FOR THE RIDE.

# SHOCK OF THE *new*



**ARE YOU READY TO INNOVATE? BEFORE YOUR BUSINESS EMBARKS ON AN INNOVATION PROGRAM YOU SHOULD:**

Work out if the investment needed will have a genuine return and the timeframe for that return to be realised

Talk to some experts. Can a change that will improve a product or process also save you money or boost sales?

Get the culture ready. It can be tough being a front-runner; get your staff on board with the vision

Talk to your customers. A new idea may feel like a risk for them, too. Be ready to sell the benefits

Learn from other innovators. Don't just look for what has worked elsewhere but find out the stumbling blocks businesses faced along the way.

*Innovation has been a driving force in business since business began. Take the example of British catering firm J. Lyons and Co, who way back in 1947 were grappling with a problem.*

Shops would phone with their bakery orders each afternoon and the company needed a faster way to calculate the needed ingredients, production requirements, delivery schedules and costs arising from those orders. What they needed was a computer.

But in 1947 such a machine didn't yet exist. The response from J. Lyons and Co. was a perfect example of innovation. The firm built their own machine – the first computer ever used for a commercial business.

In every generation and in every market the decision to try something new, explore an idea or make a dramatic change can mean the difference between being an industry leader and a business that falters or falls behind. New technology is often the cornerstone of that innovation.

Yet with innovation comes some risk: businesses need to introduce the right changes in the right way, and have a culture that supports the pressure associated with being on the leading edge.

**ADDRESSING RESISTANCE**

One Australian company that understands the challenges of innovation is the iSOFT Group (SUBS iSOFT), a listed health information technology company formed by the merger of Australia's IBA Health and Britain's iSOFT in 2007.

The company provides web-based architecture for information sharing between medical providers, be they a small GP clinic or a major tertiary hospital, so such things as patient records can be systemised and transferred easily.

It has operations around the world and has recently rolled out statewide patient-management systems in Tasmania and Victoria.

Chief executive Gary Cohen says the argument for the company's technology is compelling, leading not only to better efficiency in the health care system but better patient outcomes.

'If you have a patient with a chronic illness, they may go to hospital, and to a primary care GP, and

many other health professionals in the chain,' he says.

'If information can't be shared between those professionals the patient's care is going to suffer. Paper records don't cope any more. It has to be an electronic record, and the cleverer those records are, the better the patient care will be.'

But Mr Cohen says it can be challenging to convince customers to take up an innovative solution – especially when it is replacing something familiar.

'A lot of people are conservative, particularly in markets where you have existing solutions that are working but that are old,' he says.

'I think people don't want to be pushing new solutions when the old are working; the customers are happy with the old solutions, so why bring something new in?'

'That sort of change, and the confidence you need to build in the customer to try a new way – that isn't always straightforward.'

That customer confidence won't come, though, unless the business and its staff also believe in the strength of the products and there is an internal culture supportive of innovation.

Mr Cohen says iSOFT had worked since its 2007 merger to strengthen that culture, so it could take a positive and persuasive message to the marketplace.

'We spent a lot of time looking at how we could get back to leading in what we are doing and at the same time build a culture of innovation and a culture of self-belief,' he says.

'We needed to have confidence that what we were doing really was groundbreaking. We had to get the internal part of the organisation to believe in itself again.'

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**INNOVATING FOR SUCCESS**

So what drives a business to innovate? ECONomics Group is a collection of Australian businesses that work to encourage innovation in the area of sustainability, bringing together best practice ideas with practical ways to change products and processes for an environmental gain.

Group Managing Director Michael Farley says the changing business environment has a big impact on whether firms are early movers in sustainability innovation or hold off, waiting for others to take the first steps.

'It is a bit of a challenge because with the global financial crisis it [the environment] is no longer top of mind,' he says.

☐ WHAT I'M SEEING IN AUSTRALIA, THOUGH, IS THAT BECAUSE ENERGY PRICES ARE INCREASING, IF YOU TARGET ENERGY SAVINGS YOU THEN GET BUY-IN ACROSS AN ORGANISATION AND THEN YOU CAN INTRODUCE OTHER INNOVATIONS AND SOLUTIONS ☐

'Back in 2007 everybody was writing their sustainability strategy but interest has fallen off because businesses are more worried about fixing their balance sheets and have put it on the back burner.'

But Mr Farley says the evidence globally is that introducing new technology to improve business sustainability or adopting more efficient processes can boost sales, open new markets and cut costs – key measures of success for any innovation.

'Globally there is more traction because the CEO and the board are driving the initiatives through,' he says.

'What I'm seeing in Australia, though, is that because energy prices are increasing, if you target energy savings you then get buy-in across an organisation and then you can introduce other innovations and solutions.'

#### IS IT WORTH IT?

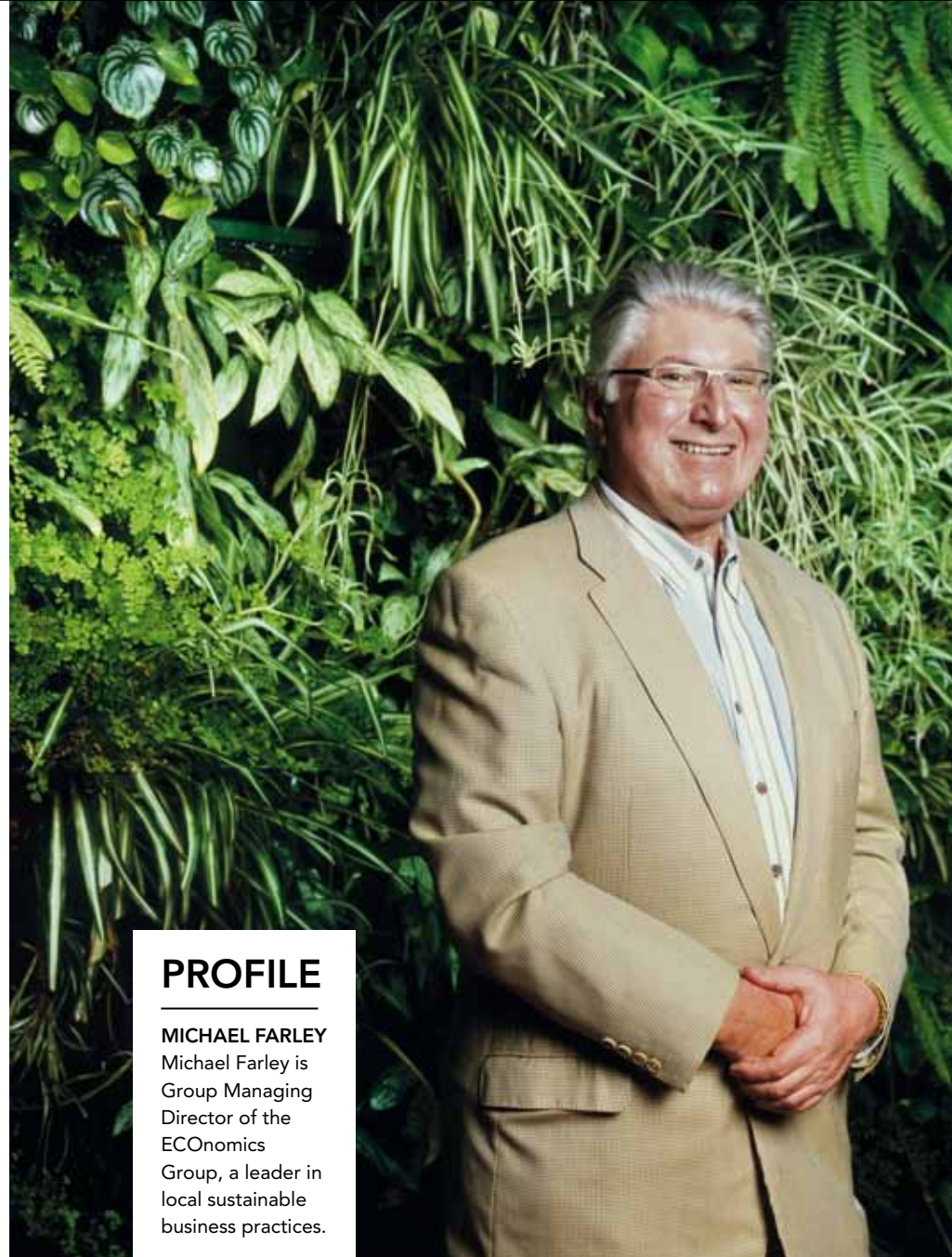
ECONomics Group's Green For Retail arm works specifically with retailers – both big and small – to introduce sustainability changes into stores and processes.

Green For Retail managing director Tara Allsop says some clients want to cut costs, others want better efficiency or new customers, and this affects the changes they make.

'If sustainability needs to be about cost reduction, then we focus on energy efficiency and facility efficiency,' she says.

'If sustainability needs to be about growth, we focus on new markets and how to engage with the consumer in a totally different way from the way we have done in the past. It is innovative and it is flexible.'

Innovation in this area is often technologically driven, such as in the use of a product invented by an Australian but now sold by Canada-based Smartcool Systems, and used in 26,000 businesses worldwide to cut the cost of refrigeration.



## PROFILE

### MICHAEL FARLEY

Michael Farley is Group Managing Director of the ECONomics Group, a leader in local sustainable business practices.

'This is a product that can save up to 25 per cent on energy in refrigeration and air conditioners, and when you are talking about a large supermarket, refrigeration and air conditioning can be 60 per cent of the energy costs or more,' Ms Allsop says.

'Our firm also does a lot of work with firms using IT as an enabler to reduce carbon footprints. Some retailers are doing a really good job connecting their head office to stores via video conferencing and being a lot more intimate with the shop floor without having to jump in the car and having to drive half an hour to get there.'

But as with any innovation, convincing retailers to make a change means there has to be a strong business case, starting by looking at the return on investment.

'A number of businesses come to us and have ideas and we always ask, what's the ROI?' Ms Allsop says.

'I don't want to be suggesting to a client that we introduce a new technology for \$300,000 and hope that at some point in the future it will pay itself back.'

One method, she says, is to start slow and see if the changes work and deliver set goals. Only then can retailers tell if the innovation is worth it.

'We can pilot this and test it out,' says Ms Allsop. 'You take one store, an existing store, and try a few things and see what works.'

'It comes down to putting the same metrics on sustainability as you would with any other business function. Yes, it has the potential to be really game changing. Yes, it may ultimately lead to a transformation of the economy. But where we are at right now is to ensure these changes stack up.'

It's a message that any business wanting to innovate can heed: get the internal culture right, ensure there will be a return on the investment you need to make, prepare the market — and then start leading the way. ☐



Louis White writes

# Social Media

FOR YOUR BUSINESS

*With millions of Australians using Facebook and Twitter, for many, the use of social media is an everyday activity. It's not surprising then, that many companies want to tap into social media, not only to keep existing customers happy, but also to seek immediate feedback on a new product or service and, ultimately, to attract new consumers.*

What exactly is social media? How does a company go about establishing a social media strategy for its business? The term social CRM refers to customer relationship management that works within social media such as Facebook and Twitter. The focus of social CRM is on people and potential customers, rather than on trying to control those conversations.

#### WHAT IS SOCIAL MEDIA?

'Social media is any kind of media that is easily shareable between communities of like-minded people,' says Mike Hill, Holler CEO. Holler, a digital agency with offices in Sydney and London, specialises in digital entertainment strategies. 'The most interesting aspect of digital

communication is that it is the only form of social media that can live without money, without advertising spend. You can't have that with TV or radio. Setting up a Facebook page, for example, doesn't cost anything.'

'The old days of "build it and they will come" are gone,' says Mike. 'Peer recommendations on social media are one of the biggest drivers of sales. If my friends are not telling me [about new products and services] then I am finding information on website forums by reading peer reviews.'

'Social media should be integral to your brand proposition. You are sharing your brand in a real way. Whether you are trying to source feedback or deal with a complaint it is all out in the open and you will be judged by the way you behave.'

#### WHY IT WORKS

There is no doubt social media is popular, but is it effective in monitoring business performance in terms of new products or services?

'Social media monitoring works because businesses have invented the technology to measure it, such as Nielsen

BuzzMetrics,' says Jason Dooris, head of digital at Razor.

'You can get feedback in two to three hours of launching a new product,' he says. 'The tools will tell you what is happening and you can change strategy and your tactics based on that feedback.'

'As a result, CRM has never been more transparent or measurable.'

Razor is a leading full service digital agency that undertakes brand consulting, creative work plus media and digital communications.

'You can observe sentiment, traction, passion and strength of your campaign through various measuring tools,' Dooris says.

'The key with any campaign is to share, not to push. When you enter a forum you are entering someone's world so you should respect it by giving, not demanding. The corporate voice is very different from the social media voice.'

'Every campaign on social media will have a proactive element where you get people excited about something, a reactive element where you observe behaviour and finally add reference material to help the end user find their way.' ▶