

Australia's Productivity Performance
Innovation for the 98%
Interim Report 3
Call for Comments

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www.businessexcellenceaustralia.org.au

Contacts:

Romy Baker, CEO

Fulvio Barbuio, Director
Business Excellence Australia Ltd

14 Wormald Street
Symondston
ACT 2609

Email: enquiry@businessexcellenceaustralia.org.au
<http://www.businessexcellenceaustralia.org.au>

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1. INTRODUCTION

Interim Report 3 - Innovation for the 98%, makes some compelling points across the broad topic of innovation as a key component of the productivity solution. Amongst its findings it has highlighted several areas that resonate with Business Excellence Australia, and three particularly.

2 MANAGEMENT CAPABILITY

The report finds that Australian management and leadership is generally below their counterparts in other developed countries. Organisations will struggle to be productive if the management team does not have the wherewithal to drive and support innovation. Whilst this capability can be innate to certain managers it is often lacking or not up to standard in others – however it can be learned. A rigorous system for ideation supported by facilitators that understand the levers for sustainable innovation can boost Australia's management capability in this vital area.

3. PERFORMANCE MEASUREMENT AND BENCHMARKING

In the report, Australian organisations were again found wanting in measuring their performance internally and externally (benchmarking) when compared with their overseas peers and this was an impediment to taking up innovation and better practice more generally. There is ample evidence that performance measurement and benchmarking are important for an organisation to become more innovative and productive. The value often comes not solely from doing the metrics but also from the journey that organisations undertake when they look at their performance. A journey that measures holistic performance using a maturity index that measures an organisation's innovation readiness also enables effective benchmarking to ensure that leaders gain insights that they would otherwise miss or misread.

4. SKILLS

The criticality of a skilled workforce was seen by the report to be important in the innovation story both with regard to new and diffused innovations. Apart from governmental policy and actions across the education landscape more generally, organisations have an important role and can foster a highly skilled workforce either through talent/skills acquisition or training their incumbent workforce, or both. A system that can guide management to support worker skills to be better at what they do and to foster a change-seeking culture and an innovation mindset can play an important role.

5 A WAY FORWARD

We note that the report highlighted the role and benefits that various organisation in the business advice, information and support areas, both public and private, can bring to an organisation's innovation efforts. Business Excellence Australia (BEA) has broad business improvement expertise encapsulated in the Australian Business Excellence Framework (ABEF) that focuses on an organisation's ability to sustain innovation and provides organisations with guidance on establishing innovation systems through **Category 6 of the ABEF: Process Management, Improvement, and Innovation.**

The ABEF was originally published as the Australian Quality Criteria in 1987 and has been enhanced periodically to maintain alignment to the latest leadership and management models. The ABEF is the Australian equivalent to overseas Excellence Models like the European Foundation for Quality Management (EFQM) Model, the American Baldrige Performance Excellence Criteria. These models are used throughout the world. The guidance contained in the ABEF has helped Australian organisations like the ATO, BHP, NAB and many other organisations of varying size and nature.

BEA strongly supports the report's findings, particularly in the three areas mentioned above.