

# Collaboration is the new competition

By Tracy Pierce, DTC

When German mineralogist Johannes Menge explored the fertile ground north of Adelaide in the 1830's and reported that the area "would support vineyards and orchards and immense fields of corn which are matchless in the colony" he set in place the catalyst that would result in new arrivals buying acres of land, planting vines and starting wine production. Today the Barossa Valley is one of the world's best-known wine regions, with almost 14,000 hectares under vine, producing over 150 wineries. Along with the wine and grapes are the complementary industries supporting both wine making and grape growing, including suppliers of grape stock, irrigation and harvesting equipment, barrels, and labels. Supporting services include wine publications and research institutes, agriculture, food and restaurants, and tourism. The Barossa is an example of one of the first successful 'clusters' in Australia.

Digitisation has transformed the economy and turned traditional business models on their head. Organisations are seeing a shift from market dominance being the key to profitability, to increased cooperation as the driver of business performance and growth. The 'cluster' has paved the way for the 'business ecosystem'. Investopedia defines a business ecosystem as "the network of organizations – including suppliers, distributors, customers, competitors, government agencies and so on – involved in the delivery of a specific product or service through both competition and cooperation. The idea is that each business in the "ecosystem" affects and is affected by the others, creating a constantly evolving relationship in which each business must be flexible and adaptable in order to survive, as in a biological ecosystem".

When the DTC and State Government hosted international cluster expert, Ifor Ffowcs-Williams, CEO of Cluster Navigators Limited in 2014, he held a workshop for industry and government to understand how the clustering model works. This inspired a small group of DTC member companies to collaborate with each other to strengthen their individual capacity to service the global aerospace opportunities that they were missing out on, as they individually they didn't have the full capabilities being sought by the global primes. They approached DTC's General Manager Capability Development, Kerry Smith, who developed a proposal for State Government funding, and the seed for the Australia Aerospace Alliance (AAA) was sown.

Having successfully worked in one-on-one partnerships with other companies for many years, Axiom Precision Manufacturing were attracted to join. Aerospace and Defence Manager Fred Hull understands the strength of cohesive working relationships. "We have witnessed the transformation of some of our suppliers becoming customers, and some customers supplying goods and or services, and the value of our collective skills has attracted business. With globalisation we have also seen the primes' appetite for best value for multi-disciplined programs we saw that it made good commercial sense to join the AAA."

Knowing that the AAA has the capability and capacity to tender and deliver world class projects, gives Axiom the confidence to engage with Aerospace and Defence primes at a much higher level. "We have been involved in three substantial programs with four work packages that Alliance members have either delivered or have in progress. These defence and aerospace programs are the start of an impressive portfolio that I believe will attract many defence and aerospace primes to Australia".

The AAA has been running for three years, with a focus on military and commercial aerospace markets. Much time spent to date has been focused on building the groundwork - establishing and consolidating capabilities, creating a charter which outlines the rules and principles of operation, setting up templates and appointing the crucial role of Alliance Facilitator. On appointing Les Shearn, Kerry says: "It all starts with culture. Les has worked to get member companies to understand what an alliance

is all about and has supported the change in culture, building trust among the group so they can move from being purely competitive to collaborative. We are now seeing the benefits as member companies cross refer and work effectively with each other. It's not about growing your piece of the pie, it's about growing the pie overall. Members of the alliances are in it for the good of the whole group not just themselves."

As business development opportunities grew, Emilio De Stefano was appointed to provide further support to the alliances. A Chartered Professional Engineer who has worked for a defence prime (BAE Systems,) and an SME (Smart Fabrication), Emilio brings technical knowledge, executive leadership and strong business acumen to the role.

Sound business model foundations for the AAA, set the scene for the arrival of another alliance – the Specialist Vehicles Alliance (SVA). A call to action from Premier Jay Weatherill to support automotive industry suppliers to transition to other markets and

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diversify, led the DTC to put forward a proposal that would bring defence, resources and automotive suppliers together to service specialist vehicles. The market includes military and defence, mining, emergency services, luxury vehicles, armoured vehicles, and sports racing. The set up is different to the AAA as businesses are coming together to provide a more holistic approach to the customer. "An early analogy by an Alliance member when setting up the alliance was - it needs to be like a supermarket, where a customer can come in and look on the shelves and pick the bits and pieces that they want, put the order in and the alliance sorts it all out."

One of the early adopters of the SVA is Oscar Fiorinotto, Managing Director of Supashock. He says "organisations like the DTC are absolutely critical to the success of businesses in today's competitive environment. Having an alliance to help SMEs through the diversification process, providing introductions and opportunities is indispensable. The delegations have been critical to some of our success. The alliance gives you the

ability to showcase your talent, products, solutions, services and it aligns you to the right clients. It opens doors for you."

Opportunities are being pursued in both Australia and overseas, with a particular focus on South East Asia. Kerryn says "we have done a lot of background work and extensive research on the ASEAN region, with an experienced company that has connections at ground level. We have aligned ourselves to overseas trade missions in conjunction with our SA Minister for Trade and Export, enlisting the support of the local Austrade offices."

The key to any alliance's success is Government support during the initial few years. Research into international clusters has revealed that it takes a decade or more for a cluster to develop, and successful ones such as Silicon Valley receive continual support. Kerryn says "from the outset we have had strong backing from Martin Hamilton-Smith, Minister for Defence Industries, and Kyam Maher, Minister for Manufacturing and Innovation."

"As we move forward we want to seek further support nationally, because as we start to grow, the capabilities we are looking for are not necessarily resident in South Australia, so we are starting to look to interstate companies to fill those gaps. It's more than just the funding. At the very heart of this is a demonstration of business model innovation, which aligns with the government's innovation agenda. It is about having champions."

With maritime opportunities on the horizon, the DTC is looking to extend their alliancing activities to the maritime and Intelligence, surveillance and reconnaissance (ISR) sectors. Importantly, linking industry with academia and research, supporting them

to bring the research to commercialisation. "We will start to develop the capabilities of each of the alliance members. One of the most difficult things to do is support the companies to be export ready. We want to take them through that process. Not just tell them to do it, but provide them with the education and knowledge to improve their capability, enabling them to do it. We want them to be fit to fight and win."

Underpinning the alliances is commercially sound practice. Through the University of Adelaide's EU Centre for Global Affairs, the DTC is undertaking an Alliancing Effectiveness Survey, the results of which will inform the DTC's alliances, the University, and the South Australian Department of State Development of improvements that can be made to add further value to the members and customers of the alliances. These results will be fed back to The Competitiveness Institute Network (TCI Network), a global network of researchers and practitioners. The TCI Network gathers and disseminates world-class content and knowledge, and benchmarks regionally-based industry collaboration against global standards.

Having been there from the very beginning, Kerryn says, "We are very proud of these companies and keen to see them succeed. We are starting to see companies working together like never before. Traditional competitors are now sharing work. The DTC is all about bringing companies together. Now, through the alliances, we are creating opportunities and connecting companies to those opportunities and helping their capacity to win. The DTC is arriving at a place in time where we can put a capital T on the teaming, because we are creating and enabling that environment. And that's exciting!"

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