

THE BUSINESS MAGAZINE OF UQ BUSINESS SCHOOL

momentum

BIG DATA

Get it, and get it right

CELEBRITY SPARKLE

Celebrity endorsements bring brand gold

business 3.0

New skills for a new era of business

SEA CHANGE

Is business driving change where governments can't?

australian business growth

Is there a formula?

ELECTRICITY

What are the real costs?

socially responsible investing

What are the risks?

10 YEARS IN FRONT 2002–2012

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WELCOME TO

Momentum

THE BUSINESS MAGAZINE OF UQ BUSINESS SCHOOL

Business is driving change. Reinsurers lead adaptation to climate change risks, financial institutions and cloud service providers spearhead the push for international cybersecurity, and what is right and what is risky about big data is being negotiated by international business and government agencies working together.

At UQ Business School we believe that the research and advice we offer to business and government at this time bridges the gap between policy and practice. We bring insight and independent research to crucial debates. We are a training ground for leadership, collaboration and innovation, the core capabilities of future business.

The second issue of Momentum captures UQ Business School's approach to interdisciplinary thinking, with our shared project on sea level change with the Global Change Institute, our business data collection and analysis with the University of Cambridge and Auckland University, and the lead role UQ Business School academics have played in advising the Federal Government on the costs of electricity extraction and distribution.

As we come to the end of our tenth anniversary year, I invite you to stay with UQ Business School by signing up to Momentum's monthly e-newsletter, The Momentum Update, and joining the conversation on local and international business issues on social media. We'll tell you what we're working on. Let us know what you think – and how it affects your business.

Andrew Griffiths

Dean
UQ Business School



Momentum is also available online
– visit uqbs.com/momentum

Sign up to The Momentum Update e-newsletter to receive the latest business thinking, research insights and expert opinions straight to your inbox. Visit uqbs.com/momentum/signup

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BUSINESS BAROMETER

UQ BUSINESS SCHOOL'S LEADERS' SURVEY

'Two-speed economy' has become a bit of a business catch phrase, some might say cliché. We talk to 20 leaders about what it means to their businesses.

- 1** Do you see your business as operating in a two-speed economy?
- 2** Is it affecting your day-to-day business decisions and long-term planning? How?
- 3** Has the current climate produced any unexpected opportunities for your business?



Megan Bidencope
Director
Measured Insights

- 1** As a research and consulting organisation, our business reflects our clients' businesses, with mining and resources, financial services, and IT clients performing strongly, while government and community-based service provider organisations are experiencing cut backs.
- 2** Our strategic focus is to respond positively to opportunities with those clients and industries that are performing strongly, as well as developing strong strategic alliances.
- 3** The current economy has produced unexpected opportunities in three areas: growth in our employee opinion surveys and safety culture surveys as clients look for an accurate picture of their organisation and the key levers they can pull to improve performance; facilitating strategic planning to build organisational confidence in the face of uncertainty; growth in executive coaching as organisations look to accelerate the performance of emerging talent and build bench strength.



Michael Burton
Chief Executive Officer
Cutting Edge

- 1** Definitely. Our core business is creative; the content that we produce is based around filmed entertainment, television advertising and digital marketing. The downturn in retail

trade and lack of consumer confidence has affected this greatly. With reduced advertising revenue for broadcasters comes greater pressure on production budgets. It is a downward spiral that is hard to correct.

- 2** We are more cautious with opportunities. In the past we may have taken on a certain amount of risk in investments and business exposure, knowing that if a particular opportunity didn't pay dividends, there was always another on the horizon. Now we are more analytical and more prepared to forego opportunities that don't have a degree of certainty in their ROI.
- 3** The way that business communicates to internal and external stakeholders has changed dramatically. We've been able to apply our creative skills and IP to this communications challenge, and we're solving problems that hadn't previously existed. The enormous growth in the resources sector raised a lot of questions in HR and process management. We're combining creativity with technology to solve them.



Todd Coates
Chief Executive Officer
Dreamworld

- 1** Our guests are experiencing a range of financial circumstances, however we believe that everyone shares a desire to escape for some fun and happiness. Hence we continue to invest in our product and marketing.
- 2** It hasn't changed the fundamentals. First and foremost we continue to listen and learn

from our customers. We continue to research and develop new innovations to meet our customer needs and provide great value entertainment to families and teenagers. We have made significant investments for the years ahead.

- 3** We believe consumers are looking at how businesses are giving back to the community. This has given us an opportunity to bring forward the work Dreamworld has been doing for many years to save Australian wildlife and tigers in the wild. Additionally, we are starting to communicate our work on our new Indigenous development and our efforts to help save a culture.



Louise Dudley
Chief Executive Officer
Queensland Urban Utilities

- 1** Yes, I believe Queensland Urban Utilities is operating in a two-speed economy.
- 2** Within the South East Queensland region that we operate, we are experiencing the economic impacts of slower population growth and property development. This impacts how we plan our capital program to meet future infrastructure needs. On a day-to-day basis, there are an increasing number of customers having difficulty in paying their accounts. On the employment front, there is greater competition in employing specific skilled workers as they are also sought after by the mining industry.
- 3** The current climate has afforded the opportunity to focus on efficiency to minimise cost impacts on our customers. It has also allowed us time to refine our capital program.



Russell Durnell
General Manager
Palazzo Versace

- 1** We are definitely aware of the current two-speed economy and how that is impacting our industry. Like many of our industry colleagues, we have noticed a decrease in the volume of international business tourism bookings, however the

same has not been observed for the top echelons of international luxury travellers and domestic leisure reservations.

- 2** There is still a demand for corporate MICE (Meetings, Incentives, Conventions and Events) travellers but there is tough competition in the industry with destinations both in Australia and overseas offering amazing products and great value for money. With the international market, particularly China, being our main target, it's more important than ever to stay ahead of the game and to offer more than just a memorable event. We put a lot of effort into offering the full Versace experience, regularly introducing new packages and options to cater to evolving needs and desires of business travellers.
- 3** With the strength of the Australian dollar, we expected to see a significant decline in international MICE bookings and high-end leisure travellers, however there is still strong demand in both, which is a little unexpected in the current climate. There has been a change in the type of events and offerings that meeting planners and business travellers are seeking. Guests are moving away from prescribed packages to be more involved in styling and event format.



David Foote
Chief Executive Officer
Australian Country Choice

- 1** If the second speed economy is the resource economy then yes. Our business is certainly impacted by this resource-driven economy.
- 2** Our business, particularly in the rural divisions, has been impacted through significantly increased competition for housing, business services, logistics and semi-skilled labour. The impact has caused an increase in operating costs, with a further expense of a decrease in the quality and availability of business services. Our company is needing to develop core capabilities to counter these impacts, eg, expanded company accommodation infrastructure,

which is a concern as to the potential redundancy of this infrastructure in a relatively short time frame.

- 3** The current climate has brought forward a raft of new business enquiries and potential new opportunities from north Asia, and China in particular, for a diverse range of goods and business services in our sector.



Ian Gillespie
Chief Executive Officer
RACQ

- 1** With over 1.2 million members we are keenly aware that while some Queenslanders are thriving others are struggling. It is important that the RACQ continues to provide relevant member services and to represent value, particularly with high cost products such as insurance, and in services to regional areas. The mining boom in central Queensland has impacted on RACQ, particularly its contractors, in attracting and retaining good mechanical staff. This is an issue for businesses throughout the state.
- 2** We take nothing for granted. Our focus, short- and long-term, is on making sure member benefits outweigh the cost. That means being able to offer something valuable for everyone, irrespective of their economic circumstances. We believe we are in a unique position because our major motive is delivering value to members, not shareholders. We plan to continually invest in improving our service standards and keeping prices low.
- 3** We are seeing more people wanting to manage the risk of unplanned, and potentially costly, interruptions to their mobility by taking higher levels of breakdown coverage. We see a number of opportunities for us to use our scale and buying power to deliver more lower cost and higher standard products and services. This is because profit is not our primary motive and all our earnings are reinvested to meet members' needs.

**David Goodwin**

Queensland President, Chamber of Commerce and Industry

1 Yes, certainly it's boom times in mining and resources and tough in other sectors, but I see a third speed emerging in agribusiness where cotton and broadacre farming have experienced good growth.

2 I think it's improving our understanding of what we need to do for business in Queensland. Some things we can't control, but others we can, like government imposition of costs and regulation on business. There's also more focus in our support for business on practical tools to improve sales, efficiency and profitability. The tough times have also refined what our members need from us.

3 'Never waste a crisis,' we say. The current state government is under pressure to get costs under control. But it also understands that if the private sector doesn't fly, nor will the public. It's an opportunity to engage directly with state government and we're having an impact.

**Phil Hennessy**

Queensland Chairman
KPMG

1 The market is certainly challenging. Six months ago we had a positive view of conditions in the resources sector, but now with a number of projects delayed or cancelled, commodity prices dropping, and major resource companies shedding staff, the outlook does not appear as bright. Combine that with struggling sectors like property, retail and tourism, and it means business has to be more focused than ever. At KPMG, we place a lot of emphasis on helping clients navigate tough economic conditions.

2 Yes. We are carefully monitoring the economic trends to help us shape our strategy in the short-to medium-term. Identifying early where growth sectors are helps us determine the right areas in which to invest for business growth.

3 Yes. As a Big 4 firm, we have traditionally focused on the staple areas of audit and tax. But challenging economic conditions have provided opportunities for our advisory practice to broaden our offering to clients. We have also focused on advisory services for the SME market as well as our larger clients. This

has resulted in significant growth in recent years and the broadening of KPMG's service lines.

**Laurence Lancini**

Managing Director
Lancini Group of Companies
Chairman, North Queensland Cowboys

1 The main driver of retail property development is retailer confidence underpinned by consumer confidence. This is somewhat subdued throughout Queensland, aside from those locations in close proximity to mining activity (ie Townsville & Mackay) which benefit from a high disposable income.

2 The hesitation of retail owners to enter into long-term leasing arrangements has slowed new development. For our business, this has impacted both our development and construction activities. We have streamlined our resources to accommodate this shift and reduced our operating costs leading to improved business operations.

3 The ability of our improved business operation, on the back of a proven track record to deliver quality developments, has allowed us to consider and seek out value-adding opportunities from existing shopping centres and other retail opportunities. These are a direct result of a tough retail environment and a deflated financial market.

**Paul Lindstrom**

Partner
PwC

1 I view the current economic state as more patchwork, or multi-speed, as some sectors of business are struggling while others succeed. There is still strength in the resource sector, but challenges lie ahead with falling commodity prices and high production costs. We have also been cognisant of working with the new government as priorities change. With the reduced use of contractors in this sector we have had to measure the impact and its affect. The overriding message is that some businesses will continue to find ways to operate and grow in this 'new reality'.

2 We are always looking at the best way to resource and focus our business based on what the economy is doing. We assess the market for where we see growth opportunities

and strategically align ourselves to invest time and effort in these sectors. By making this a priority we have determined where to build for the future.

3 Legislative reform is creating a number of opportunities across businesses and the need for changing business models. For example, since PwC has a depth of experience in health, the break up of the sector into regional sectors/boards provides opportunities. Some future opportunities may lie in the proposed changes in educational funding models as well as opportunistic investment in Queensland by overseas investors with a longer-term view.

**Gerald Marion**

Director, Strategic Direction
& Customer, Ernst & Young

1 Our business is operating in a multi-speed economy. There are undoubtedly challenges as a result of slowing growth and ongoing precariousness globally, but with challenges always come new opportunities.

2 Every business operates within current market conditions. It's critical to have a solid understanding of how the current environment affects clients to help them navigate the challenges as well as seize opportunities. It's about striking the balance between the agreed long-term course of action and being responsive, agile and innovative to avoid risks and maximise gains. The best businesses understand there is always more than one path to a goal. Different pathways open up new opportunities and new ways of doing business.

3 The current environment has produced both unexpected as well as anticipated situations and opportunities. The key is to take advantage of each by acting swiftly, being nimble and not being afraid to do something differently. From a personal perspective, I always like a good challenge!

**Page Maxson**

Chief Executive Officer
Australia Pacific LNG

1 We do see a two-speed economy in Queensland, including the regional areas we operate in. There are a number of local small to medium enterprises benefiting

from significant investment by the energy, resources and mining sectors, there are certainly challenging business conditions facing those in other industries.

2 While Australia Pacific LNG project business decisions are generally not directly impacted by the two-speed economy, we are cognisant of the wider impact of these decisions and how they may impact those not directly associated with the project. One example is how we address housing availability and affordability, not only for our workforce, but also for long-term residents who are the backbone of the community.

3 Interestingly, we haven't experienced as much of a skills shortage that many industry commentators predicted, as we see people transitioning from other sectors and projects around Australia. This increase in the skilled workforce, including upskilling by many, was not entirely unexpected, but pleasing none the less.

**Kyl Murphy**

State Director
CEDA – The Committee for
Economic Development of Australia

1 CEDA works across sectors, industries and professions, and so we see every speed of the economy. Australia has always had a multi-speed economy, and with that you have periods of economic transition and adjustment, but no-one aspires to a single-speed economy.

2 When growth in some sectors holds a light on stagnation or decline in others we must be questioning past assumptions. It is a time for all business to analyse productivity and innovation. While there is uncertainty, this is not a time to be risk averse or for complacency.

3 Change always creates opportunities. The executive and industry leadership profile in Queensland is very strong; we are able to access incredible expertise here. We have to be smart enough to see the new issues arising, to question the solutions and settings being proposed, and bold enough to propose new thinking and new approaches. That is what is expected of us.

**John O'Hara**

Chief Executive Officer
Sunny Queen Australia

1 The performance of the economy certainly affects egg purchasing; as the general economy slows, egg purchasing increases as people look for cheaper sources of protein. Egg sales over the past 3-4 years has grown steadily.

2 It is long-term decisions that are being affected most. Investment for growth has never been in a worse state due to future market uncertainty. Confidence in future investment in shell eggs is at its lowest with many market influences in play.

3 As eggs have become commoditised, we have had to seek opportunities elsewhere. For us, this journey started about 6 years ago when we decided to move into value-added egg-based products. The current economic climate has given us the opportunity to promote alternative options to save customers on total food costs.

**Catherine O'Sullivan**

State Manager, Queensland,
Department of Education,
Employment and Workplace Relations

1 We have a clear focus on the most disadvantaged in the community and as such we are always dealing with a two-speed environment. Regardless of the strength of the economy, for many of our clients the capacity to capitalise on those opportunities just isn't there – our role is to bridge that gap.

2 The current climate does significantly affect our business as we see Queensland's unemployment figures rising. The withdrawal of the Queensland Government's labour market programs in our state has impacted on our work as demand for Australian Government services has increased.

3 Perhaps not entirely unexpected, the expanding impact in regional areas of the resources boom provides challenges and opportunities for our team in addressing labour market demand for skills and labour in that sector, its supply chains and the communities in general. These dovetail nicely with our place-based regional strategies.

**Kieren Perkins**

State Manager
NAB Private Wealth, Queensland

1 I see a multiple-speed economy. Mining and mining-driven services are certainly leading the charge. We have clients across all market sectors and some are doing it better than others.

2 We're very aware of what our clients are capable and confident of doing right now. Market conditions affect confidence. It's important to understand the various risk appetites of each client and to tailor our services to fit their needs.

3 There are investment areas that have surprised us, especially in superannuation investments where businesses have sustained reasonable growth. The medical sector remains strong and in professional services we are certainly finding plenty of work. However, they are at the coal face and are sensitive to market changes.

**Sally Pitkin**

Deputy Chairperson, Export Finance
& Insurance Corporation (EFIC)

1 EFIC supports exporters at times of structural change in Australia's exporter base, driven by cost pressures and exchange rates, coupled with worldwide economic volatility and slowing domestic demand from our trading partners.

2 Australian exporters are reorientating their businesses to engage in international markets, principally through participation in regional and global supply chains for both goods and services so as to access new markets and remain competitive. This requires EFIC to closely monitor economic conditions and structural changes to ensure financial solutions are responding to these changing conditions. EFIC is also developing longer term strategies to align the organisation's structure and capacity to these changes. In this way, EFIC will be able to continue to provide innovative solutions and new products to support Australian export trade.

3 The Global Financial Crisis, continuing financial markets volatility and strong resources sector has created an increased demand for EFIC support across all exporters, ranging from large corporates, mid-market exporters to SMEs.



Geoff Rodgers
Chairman
Rowland

1 There's perhaps even more speeds operating within the Australian economy, linked to different sectors and geographies! About 60% of our revenue comes from mining and resources – within Australia and, increasingly offshore – so we've seen the incredible phenomenon that has taken place in this space over the past eight years or so. It will continue – albeit perhaps at a lesser intensity – over the next few decades.

2 To a degree – in terms of allocation of staff, capital, marketing efforts, etc. The key is to keep pace with the increasing fluidity of the sector and to anticipate client needs going forward.

3 The significant work we have done in the mining and resources sector over the past 25 years, combined with Australia's leadership position in this space (in particular, Queensland's leadership position), has allowed us to undertake client assignments throughout the Asia Pacific region and elsewhere. In recent years, we have worked on assignments in Indonesia, the Philippines, Vietnam and Chile, we have won work in Mongolia and are pursuing other opportunities in New Caledonia, Laos and other locations.



Neil Taylor
Chief Executive Officer
Greyhound Australia

1 I think the phrase 'two-speed economy' has been over used and it's probably a phrase of the past. Greyhound is a national business operating in two main sectors: travel & tourism and resources. We see some great differences within each sector. For example, if you are in CSG or LNG right now you are still in resources but will feel a lot better than if you are, say, in coal. As a national business we have to have different strategies even within the same sector.

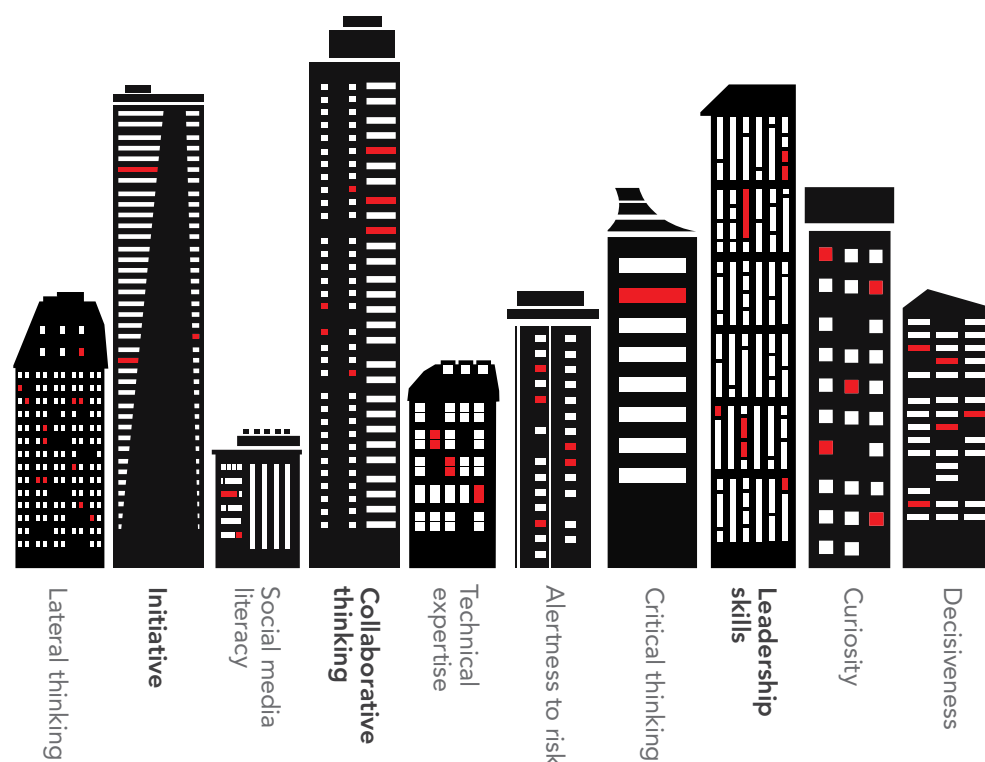
2 We plan and execute our strategies for the two main areas of operations differently, and have separate teams working in each. Our strategy for travel & tourism is focused towards B2C, with a strong emphasis on new product development and improving customer service. In the resources sector we clearly operate in a B2B market and will continue investing in running safe and efficient operations.

3 Yes it has. Post GFC we saw consolidation in the travel and tourism sector that created opportunities for new partnerships and code sharing with other operators. The current slowdown will make all businesses focus more strongly on efficiencies and innovation. We see opportunities for consolidation in travel and tourism, and in resources we have new offers and innovations that will be well received.

“Give me a professional who takes the initiative any day of the week! Someone who thinks ahead – for the business and our clients – is hungry, is smart, innovates and is on the front foot.”

Geoff Rodgers, Chairman, Rowland

4 What skills do you value most from your staff, today?



BIG DATA:

GET IT, AND GET IT RIGHT

It used to be 'Show me your friends, and I'll tell you who you are', now it's the ads targeted to your demographic, your location and your recent status updates that tell most about you.

Big data is the DNA of consumer behaviour. We look behind the hype for what it means to your business.

If ads are popping up on your Facebook page offering love matches or wrinkle tricks, the chances are that these things have recently crossed your mind.

If you've bought a book on Amazon.com by clicking 'people who bought this also enjoyed...' it's *big data* in action.

What is *big data*?

First, big data is big numbers. The numbers that describe how much data we are creating and storing are almost unimaginable. Last year alone we created enough data to fill the Library of Congress 60,000 times. Now, 60,000 is a lot. But try 2.5 quintillion. A quintillion is a billion billion. We create 2.5 quintillion bytes of data every day, texting, posting, tweeting, typing word docs, taking pictures and videos, making calls, sending GPS signals, leaving purchase records – right up the chain to climate information gathered by satellites, says IBM. Your every tweet, every text, every impulsive online purchase or Facebook 'like' is leaving a digital trace.

But numbers are only part of the story. What takes all this data from isolated bits of information to insightful, actionable knowledge are the algorithms and software that are being developed to search this enormous resource. They link unstructured information to spot patterns of behaviour and ultimately to predict what is likely to happen next.

Coal was a dirty black rock until we learned how to use it to power the industrial revolution. Oil was black sludge until the internal combustion engine revolutionised transport and brought the world closer together.

Data is bits and bytes until they can be sewn together to build a comprehensive, real-time profile of who and where you are, what you like, how you're likely to vote, shop and react in a crisis.

Imagine combining what you buy at the supermarket, the size of your tax liability, where

you travel on holiday with your medical records. It's the DNA of consumer behaviour.

International Data Corporation recently forecast that the big data technology and services market will grow to about \$17 billion by 2015. Big data has become a whole new asset class.

What makes big data so compelling for business is its promise as a game changer. A recent report from the McKinsey Global Institute, 'Big data: The next frontier for innovation, competition, and productivity', says by harnessing big data effectively, companies can lift productivity by a staggering 65%.

Dr Liz Ferrier, Senior Lecturer in Marketing at UQ Business School, is interested in how the collection and analysis of customer information is reshaping marketing–customer interaction – not just by small degrees, but by leaps and bounds – so significant that we can't yet fully see the outcome.

"By gleaning rich data about consumers, companies are able to anticipate customer preferences and interests; check customers are happy with their product or service; engage them in dialogue and activities that improve the value of services; forecast trends, sales and stock needs more accurately; make better purchase decisions; and respond quickly when they see demand change or new opportunities arise," says Dr Ferrier. But, she warns, "how to analyse the available data and develop strategy that is informed by it for competitive advantage remains a challenge. Some businesses are missing huge opportunities."



What's new?

The more you know about your customers, the better you can meet their needs. It's ancient business wisdom that's been with us since the local butcher first asked Mrs Smith about her dicky knee as he wrapped her pound of sausages.

More recently, data mining, business intelligence and business analytics have become familiar tools contributing to core business functions, from strategy and marketing to product development, supply chain management and budgeting.

Now, big data describes the surge of new

data from web traffic as well as the jump in e-commerce information such as purchase records, digital images, IT logs, GPS signal data and videos. But it also describes the 'old' transactional data like store point-of-sale information, bank transactions, mobile phone records and billing data, stored invoices and tables of sales numbers.

The magic of big data lies in combining and analysing both types of data to more easily predict and interpret people's choices and actions.

How do you do it?

Big data is more than simply collecting and storing information. Although the advent of cloud computing has made this far more affordable, the benefits come from what companies do with what they know.

It will mean a whole new set of technologies. Dr Sophie Cockcroft, Lecturer in Business Information Systems at UQ Business School, says current data management systems won't cope with big data challenges, and businesses will have to jump on the technology bandwagon.

The biggest issue is that the old 'transactional' data and the new 'observational' data behave differently. Says Ian Bertram, Global Manager of the Analytics and Business Intelligence Research and Head of Research for Asia/Pacific at Gartner: "The former is stored in a warehouse to be brought into company resource planning systems later on. It's structured." But you can't fit Word documents, PDFs, e-mails, voice mails, video, tweets and Facebook 'likes' into a warehouse. Nor, can web traffic be handled by the usual business analysis systems. "It sits out there. You bring it in, act on it and then get rid of it," he says.

Nor will it simply be a question of running the data in the hope of gaining something valuable.

"To mine big data takes the right tools, plus creativity and asking the right questions," says Dr Cockcroft.

Bertram agrees: "Put simply, to make sense of big data, you have to mash all the

data sources together and let them either reinforce or refute each other. In short, reinforcing data means executives can be confident in whatever they are doing. If data sets don't gel then they need to ask why."

Cockcroft sounds another note of caution: more data does not necessarily mean greater accuracy. In some cases, more data can introduce a cacophony of noise or chatter that can drown out something significant. "Do you really want to get to that invisible layer of gossip by including tweets, for example?" she asks. "Yes, you would like to know what your customers are saying, but filtering out the junk is a challenge."

Companies need to monitor data and work out how to change mainstream processes before they can take advantage of the high end anticipating and predicting that big data analysis facilitates. Bertrand sees companies mistakenly leap into predicting and optimising without mastering simple monitoring. "If you toss in some of those tools before the company is mature enough to use them properly, the result will look like another failed IT project."

It's about companies taking baby steps to use all the information held in separate parts of the organisation.

The big opportunities won't come just from technology, warns Cockcroft. "Identifying the opportunities is still up to the people who make business decisions. Relying on data alone could lead a company down the wrong path."



Dr Sophie Cockcroft

Sophie specialises in information systems, including the analysis and design of electronic commerce and web applications and security. Her research interests include data quality and medical information systems.



Dr Liz Ferrier

Liz is a Senior Lecturer in Marketing whose research interests focus on advertising and communications. Her research projects have included online communities, amateur content creation on the web, and television and advertising audiences.

HOW CAN BIG DATA HELP?

- ❖ Understand online customer behaviour and interactions
- ❖ Identify trends and topics in social media sentiment analytics
- ❖ Micro-target advertising campaigns and special offers
- ❖ Identify opportunity maps for sales campaigns
- ❖ Track product status (e.g. alert the manufacturer when a car is due for a service)
- ❖ Track how customer behaviour can impact on a product (e.g. a safe driving style could lower insurance premiums)
- ❖ Track patterns in population health (e.g. identifying the next flu outbreak)
- ❖ Identify financial fraud

BIG DATA

THE BANKS

There is tangible evidence pointing to a real competitive advantage for banks that are collecting and using big data to drive new customer related insights, says Stuart Scoular, Banking and Capital Markets Leader for PricewaterhouseCoopers.

How banks respond to the new onerous regulations, fast-moving technological changes and shifting demographics is key to their futures but in a social media world, how

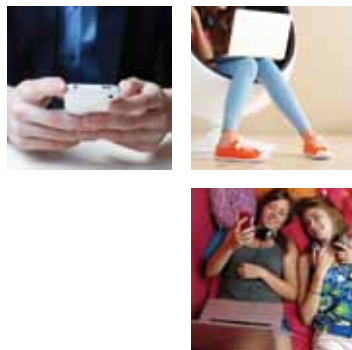
they engage with their customers will make or break them.

"To this end, banks are taking the biggest leap forward seen in the customer data space for years," says Scoular.

However, strategies are shrouded in confidentiality agreements. Critically, growth can only come by carefully targeting customers at the micro level, selling them more varied products, and hoping they won't walk.

MANUFACTURING

Manufacturers of a range of products can use data capture and analysis to track use and state of products. Some car manufacturers including BMW use sensor-data to tell customers when their cars need to be serviced, for example.



GETTING CREATIVE

Two McGill University computer scientists have come up with a creative way of wading through the tsunami of DNA data to cross match genes across species. Jerome Waldispühl and Mathieu Blanchette have developed Phylo, a game that contributes to mapping diseases within human DNA. Finding patterns in the DNA is something computers don't always do well without eating up a lot of computing time. Humans can often do a better job, and more quickly. And that's where the game Phylo comes in.

About 500 people a day are playing it from all over the world, according to the scientists.

RETAIL

Retailers are grappling with the same questions: How do I get a presence, how do I manage my brand? says Hugo Driemeyer, a director at Private Equity Gateway Group. The uncertainty, he says, "is driving a whole new wave of investment into technology platforms like Hearis, providing management and monetising tools for retailers and multi-site corporations who have to increase and sensitively manage their online presence or be left behind."

GOVERNMENT

Data captured by health workers in the field can be a tool to map health trends or monitor virus outbreaks. When collected in the context of individual electronic health records, this data will improve care for the individual, but it can be used to create datasets with which treatments and outcomes can be compared in an efficient and cost effective manner, suggests the World Economic Forum.



GARTNER SAYS...

Gartner estimates that enterprise data will grow by 650% in the next five years. A solid 80% of that will be in unstructured or observational data from sources such as emails, smart phones and social media sites.

However, it's not easy pickings.

"The hype factor is huge. The question is: now that companies have access to a truckload of data, what are they doing with it? Until that becomes clear, there are some ludicrously inflated expectations," says Ian Bertram, Global Manager of the Analytics and Business Intelligence Research. He believes that many companies are struggling to make sense of what they have.

"The opportunity is there: what will organisations make of it?" he asks.

"We've seen insurance companies reduce investigations by two-thirds which is a massive cost saving. In healthcare, we've seen certain drugs pulled off the shelves because the data showed a correlation with harmful behavior".

The future lies in a company's ability to capture diverse data types and manage them to uncover what was previously unseen.

Gearing up your business

As data analysis uncovers new kinds of opportunities, new skill sets and business structures will emerge to take advantage of them.

The first challenge, says Dr Liz Ferrier, is developing the skill set. "There's a shortage of managers who understand the value of data and have the relevant skills: managers who are able to work with data analysts, and to develop business strategies that are based on science – what the data reveals. The field of data mining is so vast, subject to rapid change, and characterised by so many different and emergent methods for visualizing, modeling, analyzing and 'monetising' data, that it will take time for many industry sectors to develop preferred

standards, metrics and currencies relating to data, its value and use."

It's also about organisational structure. Traditionally, companies have had teams that have focused on structured data-polishing and cleaning warehouse data – and a different team looking at enterprise content management. It's time to bring the skills and practices of these teams together. "Successful data mining is also about combining marketing insights with targeted sales activities to leverage those insights," says Dr Ferrier.

Companies need to focus on developing the backroom analytical talent and linking it with frontline personnel who are capable of taking the analytics and building the tools and the strategies to make them count.

Big data for a better world?

The World Economic Forum identifies big data as an opportunity to improve services, avoid crises and better target needs such as health care and education among vulnerable populations.

With the proliferation of mobile handsets across remote regions, health care and mobile banking are now available in places where hospitals and bricks and mortar infrastructure are in short supply. This is creating a torrent of

data about populations that have been less visible until recently.

Understanding population health, watching the impact of a natural disaster, targeting services where they are needed more efficiently are all outcomes that the World Economic Forum identify in their report 'Big data, Big Impact: New Possibilities for International Development'.

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Every sector has had its own internet-led revolution. In the service industry it's been 'remote provision', with all the flexibility, choice and price comparison that online delivery facilitates. But, says Professor Hean Tat Keh, convenience may be perceived to come at greater risk.

If you go shopping for 'goods', the chances are you are going to take them home in a bag, or a basket or on the back of your car. Goods are tangible, countable. When you buy a service – whether it's a haircut, a health check or car maintenance – it's rarely something you can wrap and take out.

Traditional marketing theorists have separated the notion of 'goods' and 'services' by defining a service as intangible, heterogeneous, inseparable and perishable.

But, says Professor Hean Tat Keh, you don't always have to be physically present to buy and receive a service. There's a range of services that operate in the grey area, where customers can choose to enjoy the service in person, or remotely, areas like banking, or education. Understanding the trade-offs that consumers make between the risks and convenience of online service delivery has lessons for how traditional service industries can adjust to take advantage of the new channels.

Education, says Keh, is one service industry where remote delivery is challenging the traditional model. The explosion of online learning is global, with universities putting course material online for free. What's more, new players are coming into the market to challenge the established players.

The universities of Michigan, Princeton, Stanford and Pennsylvania are founding partners in Coursera, a joint ventures which within six months has grown to include 33 university partners around the world. Almost 1.5 million students have already signed up for their massive open online courses (MOOCs).

The Khan Academy features 3300 micro lectures via video tutorials stored on YouTube. It started with mathematics tutorials, but now covers subjects from organic chemistry to art history. With a staggering 175 million hits, it is revolutionising education across the world enabling stretched teachers to manage classes with a wide range of abilities and knowledge more effectively.

But the explosion in online learning has not spelt the end of traditional education models. Campus applications are still high. As Keh exhorts his students, learning is not a spectator sport. For those with the time and the money, the participation of other students and personalisation of services in a campus setting offers a higher user experience. For courses such as physics or medicine, which involve substantial laboratory work, the requisite equipment is too sophisticated and expensive to be in any student's home so online learning is not a viable option.

Additionally, many online learning providers have yet to establish a viable business model. Like Ted-Ed, the education arm of TED, and others, the Khan Academy does not charge for its services; nor, since it receives significant backing from the Bill and Melinda Gates Foundation and Google, does it take advertising. Coursera does not pay its university partners, nor vice versa. Coursera is currently using initial seed funding, and it is not clear whether it will be able to build a sustainable business model before the funds run out.

Convenience vs risk

How to manage your online presence

How do you look?

Your online presence must inspire confidence. Is it professional and up to date? Is your site clear and easy to navigate?

Build trust

Be transparent. Identify terms and conditions, payment terms, returns, data security and privacy policy upfront. If anything goes wrong, fix it fast.

Crowd source approval

Ratings and review sites abound for many industries – from trip advisor to restaurant recommendations and eBay certification. Show new customers what old customers think about you.

Share your story

What is your company's history? Include media mentions, trade association memberships, awards received, key customers (with their permission) and testimonials.

Online or in person?

What is behind the choice to receive a service online or in person? Professor Keh and his research collaborators interviewed university students and individuals they approached randomly in shopping centres. The initial study was conducted in China, and despite cultural differences, Keh believes that what he found has considerable relevance elsewhere.

Unsurprisingly, online delivery was valued for convenience, time saving, and the ability to compare the price between service providers. Mortgage rate and insurance policy comparison sites or Trip Advisor with customer ratings for holiday destinations all empower consumers to make informed choices, with a few clicks of the mouse.

But there is a flipside. Respondents expressed concern about the increased risk – both real and perceived – in using separated services. Online banking is quick and convenient, but not all services are available online and Keh found some consumers concerned about the potential misuse of their personal information.

Consumer choice, Keh says, is often the outcome of a trade-off between convenience and risk. A customer's view of that trade-off will depend on the types of services being considered, and who and where we are.

There's a difference, Keh says, between 'experience' and 'credence' services. For services such as buying tickets online we learn through experience. Once we've had a successful experience, it's not such a big step to buy again. The sense of risk diminishes. In comparison, in 'credence' services such as education, consulting or health services, it's harder to learn by experience. In these cases, the perceived risks seem greater and convenience may not be the determining factor.

Keh quotes a psychiatrist who noted that "Internet-based therapy, whether by e-mail or

live chat, seems like a poor substitute for a real human bond with all its nonverbal cues and face-to-face exchanges... So here is what e-mail with my patients has taught me: if you need to reschedule an appointment or need a routine medication refill, please push 'send'; if you have something on your mind you want to talk about, please call me – the old-fashioned way".



Professor
Hean Tat Keh

One of Asia-Pacific's leading marketing academics, Professor Keh is known for his award-winning research on services marketing, marketing strategy and consumer behaviour. His recent research has overturned received wisdom on services marketing.

When designing a strategy, a service provider needs to consider the customer's age, cultural background and other relevant factors. For example, Gen Y-ers who have grown up in a connected world generally have greater tolerance of online risk. Keh cites a survey showing 40% of the generation Y demographic use the availability of mobile banking facilities as an important criterion for choosing a bank. There is also some evidence that cultural background impacts values and perception of risk and time.

In the end, it's about trust. If the customer has a good experience with a company, or hears positive reports about it, they are more likely to experience the service in a 'separated' mode.

YOUR TALENT YOUR POTENTIAL

AND THE HUMAN RESOURCE DEPARTMENT

While most other areas of business activity undergo radical reinvention, what are human resource managers doing differently to stay relevant? Associate Professor Polly Parker says personal responsibility plays an important part.



“Know your goal. Research your path. Get feedback you can trust.”

PEER-TO-PEER

As Executive Director and Director of Medical Services at Redcliffe Hospital, Donna O’Sullivan participated in a year-long peer coaching program, meeting monthly to workshop an issue for each of the four peers.

“I was concerned about issues of confidentiality, but trust built up quickly,” she says. “I was surprised at how insightful the questions were, even from people with a vastly different background.” Since the

How smart organisations invest in the talent they attract is the responsibility of the Human Resource department, but while most other areas of business activity undergo radical reinvention, what are human resource departments doing differently to demonstrate their relevance? Now that the portfolio career has been established, can they keep up with our endless quest for career satisfaction and work-life balance, life-long learning and upskilling to jobs that ten years ago simply didn’t exist?

And what role does personal responsibility play in making the most of your working life?

We spend around 20% of our lives at work, and a good many of us – 80% according to Deloitte’s 2011 Shift Index – don’t like what we do.

It’s a business reality that satisfied employees are more productive. Apart from anything, nurturing talent is cheaper than the constant cycle of recruitment, training and then replacing great people who move on when they aren’t getting what they need from their job.

Then there’s the currently popular happiness indices. New Economics Foundation, an independent economic think-tank in the UK, estimates productivity differences between happy and unhappy workers can range between 10 and 50%. Ten per cent for more routine, repetitive jobs, and up to 50% for work that requires creativity and initiative.

Human resource departments have responded, and, says Bronwyn Fulton, Head of the Australian HR Practice at Egon Zehnder, whose focus is global Executive Search and Talent Management, they are increasingly

program ended, they have stayed in touch and still turn to each other for advice.

O’Sullivan has since facilitated peer coaching sessions with senior executives. She says the rules of engagement matter. “Those listening must only ask questions, not offer solutions.” This can be challenging, she says. “I have had participants who had to literally sit on their hands to stop themselves from interrupting.”

viewed as a partner to the business rather than as a service provider, with a significant impact on business outcomes. This is particularly the case for organisations that are highly dependent on their people for how the business does.

“The Human Resource department is responsible for a key business asset,” she explains, “human capital.”

Commercial awareness, cost accountability, budgeting, and insight into the company’s business activities are becoming required HR skills. Managing human capital is, after all, about managing talent in the context of strategic business goals and financial constraints. Evidence for this shift lies in the demand for candidates with broad experience across a range of functions, industries and business cycles. Furthermore, some HR leaders are also gaining direct business leadership experience. This can be an attractive opportunity for both HR leaders and the business. Bronwyn says there are a number of examples where the Human Resource leader has had a career path, including senior operational or P&L leadership roles.

As companies learn the value of retaining existing skills, the emphasis on talent management and retention is also increasing. Today, internal appointments are often the preferred starting point for new vacancies, and career path development builds strategic strength and competitive edge.

Of course, your personal career success can’t be left entirely to HR. It’s important to take control and define your own path.

“There comes a point when the options for regular promotion begin to slow. This is the time to consider longer term career goals and the impact on these that each next step may have,” says Bronwyn Fulton. This is about being conscious of ‘the path dependency of current choices for your desired future role,’ meaning that you should consider how each step you take will influence your path over a medium timeframe.

Knowing your career goal, researching the path that will take you there and building the right ‘package’ of associated experiences, ensuring trusted feedback on your performance along the way and building a solid network of peers are all important career management techniques at this point.

“Peer-to-peer coaching,” says Associate Professor Polly Parker of UQ Business School,



Associate Professor
Polly Parker

Polly is known internationally for her research into career management, coaching and leadership development. Through her involvement in initiatives to support women in leadership, she has helped many to progress their careers.

“ticks many of these boxes, and can be just the technique that moves you towards that important next step on the career ladder.”

“Peer-to-peer is about creating a trusted environment where individuals explore solutions to issues they face at work, with someone who sits in an equivalent professional situation, facing similar issues and challenges. It is an opportunity for feedback and can create lasting relationships between those involved.”

Perhaps peer-to-peer resonates with today’s professionals because it is about self-motivation and self-guidance within a structured framework. “It’s a formal process, and is more than simply coffee with a colleague.”

THIS IS WHERE MENTORING CAN BE HELPFUL

Michael Donovan has had a successful career as a CEO, and for the past fifteen years he has used his experience to mentor senior executives. He points out that studies consistently show that those who invest in mentoring go further in their careers, are younger and are generally happier and earn more.

“To be a leader, interpersonal skills and emotional intelligence are vital. These are skills developed by the robust questioning and listening skills of a good mentor,” says Donovan. **It’s about “being smarter without being a smart-arse.”**

Traditional mentoring has the advantage of being external to the organisation. An external mentor provides independence and a confidential environment in which the mentee can unload their worries.

As Reid Hoffman, CEO of professional social media network LinkedIn and author of New York Times bestseller “The Start Up of You”, says you should always think of your career as a start-up: “You presume change and are in a state of Permanent Beta. You’re never a finished product; you’re always adapting.”

Preparation is key. Structured peer coaching will define a time frame, and will encourage participants to gain coaching skills before beginning,” says Associate Professor Parker, and, importantly, “both participants benefit from the exchange.”

As a relationship of equals, “barriers of hierarchy or status don’t inhibit the opportunity for a frank exchange of ideas and feedback, and the growth of trust. This chimes with today’s democratic approach to all our relationships.”

Egon Zehnder’s advice to developing executives is to take some time to reflect on career aspirations and personal brand, then research what it will take to shape them. “One way to think about this is to project yourself into your desired role five to ten years down the track, or look at executives already there. Analyse the experiences, and also the relationships necessary for that role, and then work backwards from this goal point to identify how you might work to build your career, and fill in any experience, skill or networking gaps.”

“There comes a point when the options for regular promotion begin to slow.”

CAREER SMARTS

Be prepared to share your expertise.

Enjoy your work – it’s easier to climb the career ladder if you do.

Your working life is the biggest investment you’ll ever make.

Ask to shadow people in jobs that interest you. You’ll make connections and learn new skills.

Career change may not happen in leaps and bounds; slow steady steps in the right direction will get you where you want to go.

If you don’t have ‘meaningful’ work, find meaning in what you do, how you do it or who you do it with.

Remember career-karma: when it’s your turn to lend a hand, give it your best shot.

Celebrity Sparkle

IT'S BRAND GOLD!

Celebrities have been walking off the movie set and the sports field to help promote brands for decades. Dr Ravi Pappu of UQ Business School argues that research now shows there are measurable benefits in brand credibility to linking your name to a rising star.

George Clooney, dark and broody, clutches a cup of Nespresso in his hand. A barefoot and casual Angelina Jolie is pictured reclining on a wooden boat in Cambodia, a Louis Vuitton bag draped over her shoulder. Nicole Kidman is pretty in pale pink in her Omega watch while tennis star Maria Sharapova earnestly clutches a TAG Heuer.

Celebrities have been walking off the movie set and the sporting field to help promote brands for decades – from Ronald Reagan selling Chesterfield cigarettes to tennis champion John Newcombe endorsing Queensland bananas.

One-in-four advertisements feature a celebrity. In 2003, Nike spent \$1.44 billion on celebrity endorsements, while between two and three billion dollars were spent on celebrity advertising in 2006 in the United States.

While marketing managers long had to rely on their intuition that celebrities bring sparkle to their brands, an increasing body of research now shows there are measurable benefits in hiring a star – from helping people to better recognise a brand name to creating positive attitudes.

Research conducted by Ravi Pappu, Senior Lecturer in Marketing at UQ Business School, shows that not only can celebrity endorsement create a positive impact on a brand's credibility, but it can also actually increase the value of a brand.

"We knew for some time that fit between the celebrity and the brand is important, for the consumer to think better of both of them," he says. "However, not much is known regarding how the celebrities affect the brand value or brand equity".

Companies know full well the power of brand value, which is basically the extent to which it can sell its wares at a premium price. To develop a brand name like Nike or Toyota takes years, and a lot of money. Pappu says that some estimates put the cost of launching a successful global brand today at close to US \$500 million.

To assess brand value, Aswath Damodaran, Professor of Finance at New York University's Stern School of Business, compared two

companies: Coca-Cola and Cott, makers of RC Cola. "Soda is water with a bunch of sugar and a lot of crap thrown in. You can put whatever you want on the outside of the can, but there is really no difference between one cola and another cola," he said.

Damodaran valued Coca-Cola's business at \$79.6 billion, while the value of Cott was limited to \$15.4 billion. To figure this out, he subtracted Cott's value from Coca-Cola's value, arriving at a \$64.2 billion total worth for Coke's brand alone. That's about 80% of the company's value.

Pappu's research, conducted in collaboration with research student Amanda Spry, took place at malls in Australia, where shoppers were asked to look at print advertisements featuring images of different celebrities promoting consumer electronics products. Rove McManus, for example, was considered to have "high credibility", while former "Big Brother" contestant Simon Deering was considered to have "low credibility". The results showed that the more credibility the celebrity had, the more credible and trustworthy the brand appeared.

"It is a challenging task for brand managers to try and work out how to enhance brand value, particularly when it comes to endorsement – the selection of the right celebrity can actually make a significant difference in how much the brand is enhanced," says Pappu. "My advice is to choose a celebrity who is seen as credible, based on their trustworthiness and expertise in the product category, for improving consumer trust in the brand and the brand value. But interestingly, the studies in the mall showed that even celebrities with low credibility were able to build the brand."

But does this translate into financial gain? Research found that Tiger Woods' endorsement of Nike for 10 years saw their

golf division reap an additional profit of \$60 million through gaining an estimated 4.5 million customers. It also showed that by Woods moving away from Titleist in 2000 the company lost just over 8% in profit. Woods' sex scandals had some impact, with Nike taking a profit hit of an estimated \$1.3 million. Meanwhile, Korean celebrity Yong-joon Bae is said to be one of the major impetuses of recent increase in Japanese tourists to Korea.



Delta Goodrem with St Vincent's patient Ms Julie Soon at the opening of The Kinghorn Cancer Centre, 28 August, 2012.

Celebrities have also had long associations with not-for-profit organisations.

Delta Goodrem adds personal experience to her impact as the patron of the newly opened Kinghorn Cancer Centre, a joint facility by the Garvan Institute and St Vincent's Hospital to realise the promise of personalised medicine for Australians diagnosed with cancer. Delta was successfully treated at St Vincent's for Hodgkin's Lymphoma at 18. Gotye donated the use of his song "Eyes Wide Open" to World Vision's annual 40 Hour Famine campaign, while Cate Blanchett is a patron for SolarAid, a charity that promotes solar energy to help reduce poverty and climate change. The feel-good factor can work both ways – in September 2011, rapper 50 Cent launched energy shot drink SK (Street King) in a combined initiative with the United Nations World Food Program (WFP).

The deal was put together by Australian entrepreneur Chris Clarke, whose company Pure Growth Partners promises "each of our companies will give back to the world's neediest with the help of every consumer purchase." For SK energy shots, 10 US cents of each drink sold will go directly to WFP. For 50 Cent, a celebrity known for his gansta style rap, for getting shot,

selling drugs and questionable gender politics, it's an opportunity to reveal another dimension to his persona.

In a separate study, funded by the Australian Research Council and the Australian Red Cross Blood Service, Dr Pappu and Professor Bettina Cornwell of the University of Oregon examined how celebrity endorsement influences non-profit brands.

They found that if a celebrity is deemed to be a good fit with a not-for-profit brand, it will also improve what people think of the organisation.

"People actually do identify with celebrities – they see similar values with themselves and the celebrities involved," he says. "Because people identify with the celebrities, they are actually more influenced by things associated with the celebrity. This influences people's perceptions of a non-profit brand that is associated with celebrity."

Pappu advises that when choosing a celebrity for promoting the brand, one of the most important considerations should be how the celebrity affects the brand value. "If a non-profit brand value gets affected adversely, people may not donate funds, or they may not support the cause. Choosing the right celebrity can help brands in communicating their positioning clearly, which ultimately contributes to brand value."

A celebrity tweet endorsement can cost anywhere between US\$3,000 and US\$10,000.

In an era where money is tight and there is a seemingly eternal line of local and global social and environmental problems to be confronted, right celebrities are a positive way for not-for-profits to persuade people to support their brand.

Pappu has been researching and publishing on how people relate to brand names for 15 years and still marvels at how they are significant in almost all product categories from potatoes to water. "We don't buy products, we buy brands," he says. "Most of the time we don't realise what an important role a brand name plays in what we buy and what we consume. People attach a lot of value to brand names, even unknowingly."



Dr Ravi Pappu

Ravi is an expert on brand management, celebrity endorsement

and sponsorship. He is a regular contributor to international marketing magazines and is currently leading a major research project into branding for non-profit organisations.

STAR QUALITY FOR YOUR BRAND

Devise a **strategy** – who do you want, why and which of the celebrity's values do you believe will lend credibility to your brand?

Pick carefully – a name that carries weight with the consumers you are targeting may be better than a 'big' name.

Be **proactive** – send gift packs and samples. Personalise them.

Celebrities have **agents**. Getting them onside will count in your favour.

Once you get the endorsement, make the most of it. Use **social media** to share a quote, a photo, footage, etc.

Remember, brand is largely **illusion** – it's the perceived link between a value and your product. Break that link and the illusion can disappear and take your brand value with it.



A percentage of rapper 50 Cent's profits from energy drink, SK, go to the UN World Food Program. Abby Ross.

IS IT A RISK?

SOCIALLY RESPONSIBLE INVESTING

You're a good person. You're socially responsible. Your money isn't going to be used to kill whales, grow tobacco or buy arms. But are you saving the world, or just financially astute? UQ Business School's Dr Darren Lee has looked at the numbers and says corporate social performance indicators have no financial impact at all – socially responsible investing is risk and return neutral.

"The social responsibility of business is to increase its profits" wrote Milton Friedman, American economist, Nobel Prize winner and economic advisor to US President Ronald Reagan. He argued – as have his many followers since – that devoting company funds to anything other than increasing profits is irresponsible. Environmental, social and governance (ESG) issues, like paying workers above award wage or supporting community projects, reallocates wealth from the shareholders, the rightful owners of the firm. It's an argument that has largely gone out of fashion.

In fact, says Dr Darren Lee, the pendulum has swung the other way. By not incorporating ESG issues into their analysis, fund managers are considered short sighted – even negligent. And not from a moral stand. It's increasingly the case that firms that integrate ESG are considered better able to protect their brand and reputation and are less likely to engage in irresponsible, value-destroying business practices.

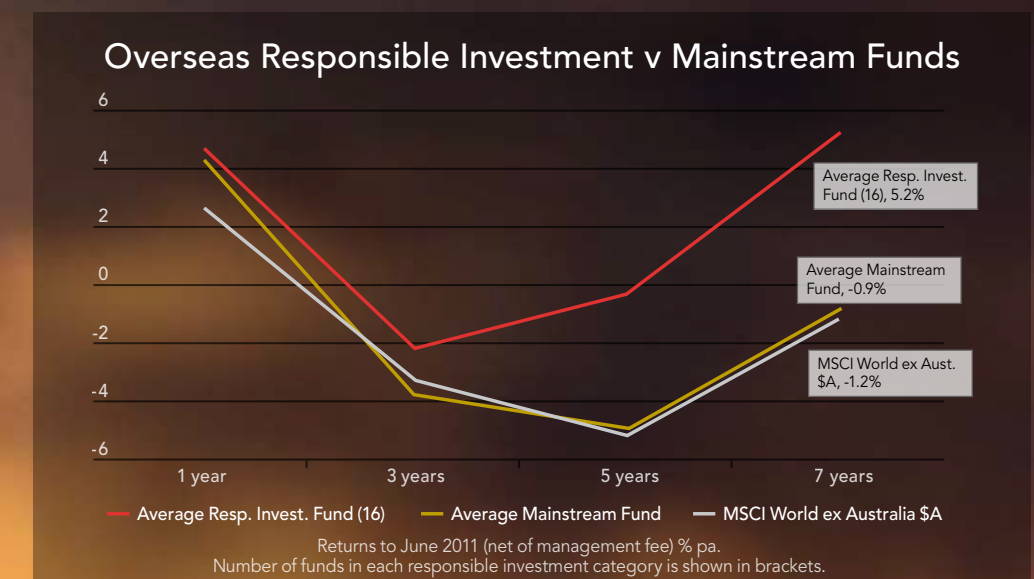
Not that companies have much choice. In the UK, companies are formally mandated under the Companies Act to disclose ESG information, and Australia is not far behind. The Financial Services Council and the Australian Council of Superannuation Investors have produced a guide to ESG reporting that outlines the information that

companies should consider and disclose, to create consistency and comparability of data across different companies and sectors. It is a first step towards meaningful disclosure of ESG risks and, arguably, on the path to compulsory disclosure.

Stock exchanges in Australia, France, India, Malaysia, South Africa, Sweden, Taiwan and Thailand all have formal ESG requirements, and many more have voluntary reporting guidelines.

But, asks Dr Lee, is there money in it? Keen to measure the actual impact of reporting ESG activities on company value, Lee and colleagues Jacquelyn Humphrey and Yaokan Shen examined whether corporate social performance (CSP) ratings impact performance (cost of capital) and risk.

Despite the massive growth in ESG reporting in the past decade, the research found that, on balance, there is no impact on risks and returns if your fund manager uses it as an analysis tool. On the up side, there is no cost if a fund manager is required to use the tools, and on the down side no benefits to the investor. It's market forces, argues Lee. "If you could make money from being socially responsible in an efficient market, returns would be eroded over time as even unethical investors would see a means to make money and join in."



Source: Hunter Hall, RIAA 2011 Benchmark Report

So why bother?

“It’s not to say that, over time, if you can intelligently identify stocks with material ESG value, you cannot still make money,” continues Lee. “Fund managers have been using it for years, if not by that name, to identify firms with potential for growth or disaster.”

There are two factors to consider. The information needs to add value and the analyst needs to have the skill to identify that information.

During the recent financial turbulence, for example, investors could have made money betting against the poor governance of companies like Merrill Lynch or Enron. Some investors may have done so, but most didn’t. This represents a lack of sophistication in ESG reporting, according to Lee. He believes that,



Dr Darren Lee

Darren lectures in financial management and is an expert on socially responsible investing (SRI) and corporate sustainability. Prior to becoming an academic, he worked in treasury, financial planning and funds management.

over time, as ESG reporting becomes more widely adopted, the information it provides to investors will be increasingly sophisticated and so relevant and useful.

Global ESG reporting

Globally ESG is big business. Witness the development of United Nations Principles for Responsible Investment (UNPRI). The UNPRI is aimed at integrating ESG issues into investment decision-making and helping to create a sustainable global financial system. There are more than 1000 UNPRI signatories,

representing over US\$30 trillion in assets around the world.

Almost 60% of funds under UNPRI are in Europe. “India, China and the Middle East are the new frontiers,” says Dr James Gifford, UNPRI founding Chief Executive. “In China, in particular, there is an absolute recognition that, at least from the corporate governance and environmental side, this is where things should head.”

Gifford is also pushing for more involvement with owners of other asset classes.

“Asset owners hold the key to driving responsible investment throughout the investment chain,” says Gifford. “Most of the problems we face are a combination of short-termism and principal-agent problems. Asset owners are the only group within the investment chain that can really take these on.”

So, if investing in firms with good ESG practices offers the same risk and returns as not taking into account ESG, yet makes the world a better place, how can we get more investors to do the right thing? We need to look at the information we provide.

Fund managers are essentially Friedmanites. Their duty to their clients is to maximise returns for a given risk. ESG is just another tool in their financial analysis toolbox. If investors want them to use this tool and incorporate ESG into decision-making, we need to ensure that information is financially useful.

DAVID DEVERALL

CEO, HUNTER HALL INTERNATIONAL
Ethical investment fund managers

According to David Deverall, CEO of ethical investment fund managers, Hunter Hall, responsible investment funds on average out perform the market in the short, medium and long term. But, he says, market performance is complicated and not tied exclusively to results.

Deverall believes there are a number of factors at play when evaluating the impact of ethical activities on returns: “You need a nonsense check in any analysis,” he says. For example, companies with a poor environmental record or who have governance issues come under intense scrutiny. With pressure, performance suffers. Company value drops.”

There’s also an issue about the definition. “Labels come and go: CSR (corporate social responsibility), ESG (environmental, social, governance), now UNPRI (United Nations Principles for Responsible Investing) are used enthusiastically at different times. But the definitions are so broad that meaningful comparisons are difficult.”

“Even within Hunter Hall we have an ongoing discussion about precisely where the ethical line sits. We exclude armaments, tobacco, animal exploitation and gambling, for example,” he explains, “but should the fund exclude a company like Woolworths, who own pubs, and whose pubs have gaming machines? It’s an ongoing debate.”

To ensure traders are clear about where funds are going, a range of screening tools are available that rate ASX stocks according to whether or not they are involved in certain activities. “It’s added a level of complexity – but it’s meeting investor demand for clarity at a time where socially responsible business practices are getting attention.”

“There’s also a cyclical element to ethical investing. In a downturn, investors lean more to protecting value. It’s the hip pocket that drives decisions when times are tough.”

“At Hunter Hall,” says Deverall, we firmly believe that the option isn’t ethical or profitable, but ethical and profitable. That’s what drives our investment decisions.”

UQ BUSINESS SCHOOL NEWS



Indigenous tourism firms target US customers

Indigenous tourism businesses in Western Australia are targeting new customers in the US and Canada with help from MBA students.

Students from UQ Business School and The Wharton School in the US worked together to develop a marketing strategy on behalf of the Western Australian Indigenous Tourism Operators Council (WAITOC), whose members offer experiences ranging from traditional dance and dreamtime stories to contemporary history, bush tours and art galleries.

The project was carried out as part of the Wharton Global Consulting Practicum (GCP), which brings together MBA students from both schools to develop a US market entry strategy for a different Australasian organisation each year.

TRIO WIN \$3,000 FOR CAMBODIA PROJECT



Three students have won a \$3,000 grant to help fund a project they have devised to improve sanitation in rural Cambodia.

Aron Gibbs of UQ Business School, and Daniel Gillick and Victoria Flannery from UQ were taking part in the World Model United Nations Forum, in Vancouver,

Canada. It is the first time the university has been represented at the event, which encourages young social entrepreneurs.

They were awarded a fellowship with The Resolution Project, a not-for-profit organisation, in recognition of their project, which will use innovative technology to combat poor sanitation and improve the health of residents in Tonle Sap, Cambodia.

Pupils learn how to tackle Facebook bullies

Brisbane secondary school pupils learnt how to tackle cyber-bullies thanks to a pioneering program developed by students at UQ Business School.



Around 100 pupils from Coorparoo Secondary College took part in the program which included writing and performing a play about a victim who was taunted on Facebook. Research shows that one in four schoolchildren is affected by bullying.

The project is one of a number run by students on the Social Entrepreneurship course. Others include investigating the ethics of large companies, and helping disabled people on Bribie Island and homeless people in Brisbane.



POLLY HONOURED FOR WOMEN LEADERS PROGRAM

An academic who pioneered a program for Career Progression for Women at UQ and developed a women’s leadership program for UQ Business School has been awarded second place in the University of Queensland Vice-Chancellor’s Equity and Diversity Awards.

Associate Professor Polly Parker, who is MBA Director at UQ Business School, has delivered the women’s leadership program for the past four years. She was honoured for her willingness to go ‘above and beyond’ normal expectations of service to equity and diversity.

Moonrise launch for Sydney alumni events

Alumni ranging in age from 25 to 65 attended the first in a new series of events for UQ Business School alumni in Sydney. Together with guests and academics they attended a private screening of the movie Moonrise Kingdom at Palace Verona Cinemas in Paddington.



MacLochlainn, from the class of 1994 and who is now a Director with the management consultancy Montrose-Redbridge, added: “It was great to have a networking component prior to the movie. I am really looking forward to future events in Sydney.”

Bottling business growth

WHAT'S THE FORMULA?

What do businesses that grow fast have in common? If we knew that, we could bottle it.

Since 2010 a project led by Drs Martie-Louise Verreyne and John Steen has captured and analysed the plans, behaviours and motivations of over 2,000 Australian businesses to see what growing firms have in common.

The results challenge a number of start-up stereotypes. An innovative business doesn't have to be a shoe-string start up, run out of a garage or off the kitchen table, it seems. Larger firms proved the most innovative – with their critical mass of internal sources for bright ideas on how to serve their customers better, faster or cheaper.

And if tech, bio-tech and nano tech are the first industries that leap to mind when you think innovation, think again. The data shows that it's manufacturing that has proved the most fertile industry for new thinking and new practice.

A whole range of patterns are emerging. Most evident perhaps is the correlation

between innovative firms and firms that export. Add to that a further correlation between innovative firms that export and firms with a high rate of growth.

More than three quarters of businesses that successfully export are innovating. In comparison, only a third of businesses that focus exclusively on the domestic market have innovated in the past three years.

There's also a pattern that suggests bright ideas to drive innovation are coming from inside the firm, in 67% of cases in this study. But great ideas also come from outside. Suppliers, partners, customers and competitors are all important sources of innovation.

The next question, of course, is how is what is happening in Australia the same or different from the business growth story internationally. The project has been extended through collaborations with Cambridge University in the UK and the University of Auckland in NZ. When the data sets combine, an international comparison of deep data using qualitative analysis will be able to tell the international business growth story with unparalleled insight.

Perhaps we'll be able to bottle it.

WHAT'S STOPPING YOU?

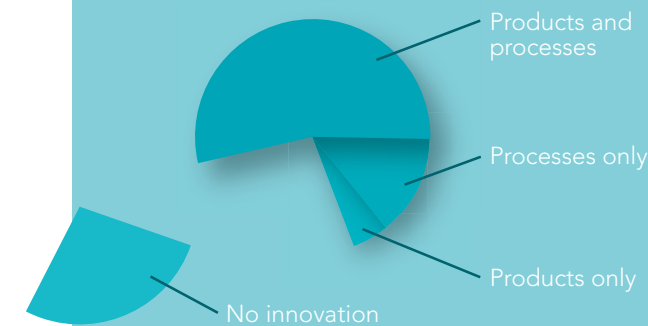
The top five barriers to growth in Australian firms

- ❖ Lack of skilled labour
- ❖ Issues of government relations and compliance
- ❖ Increasing competition
- ❖ Reduced growth of market demand
- ❖ Availability and cost of finance

Innovators

67% of firms innovated  78% of innovations are completely new ideas

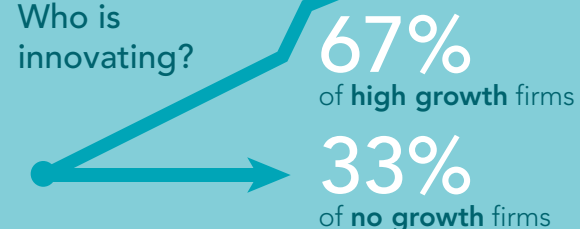
What kind of innovation?



What sparks innovative thinking?



Who is innovating?



Which sectors are innovating?



Collaborators

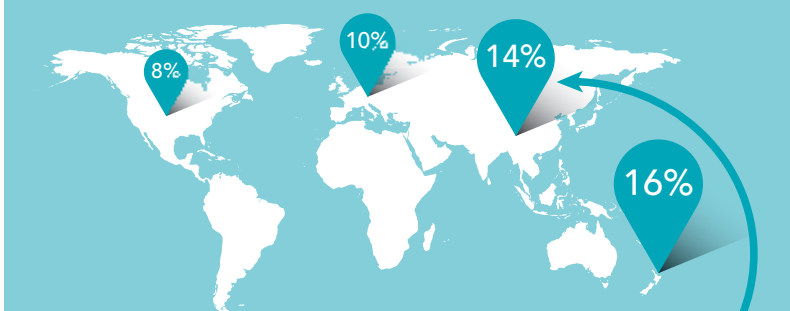
What do companies think about collaboration?



43% of high growth firms are collaborators
68% of high growth firms are innovators
31% of high growth firms are exporters
33% of high growth firms plan rapid expansion

Exporters | 77% of exporters are innovators

Where do Australian companies export to?



Most successful export market?

ASIA Companies that export to Asia make 13% of their sales there.
(Export to NZ is more common, but worth less, at 6% of total sales.)


Killer innovation

Kodak announced the closure of its digital camera division in February 2012. Had it missed the digital boat? No. Kodak invented the first digital camera in 1975 but, according to Forbes Magazine, decided to bury its head in the innovation sands, afraid that the new technology would cannibalise its film business. It did. Sony and Canon saw the opportunity and charged in. By the time Kodak accepted the inevitable, it was playing catch up. Market share declined for film, and Kodak had lost the march on its competitors in digital imaging.



Dr John Steen

An experienced consultant, John is Senior Lecturer in Strategy, with key expertise in innovation and strategic management. His risk management skills have helped various blue chip clients to develop business strategies.



Dr Martie-Louise Verreyne

A specialist in innovation management, Martie-Louise has won awards and grants for her work. She is currently carrying out research into small firms' growth and innovation.



BOTTLING GROWTH LESSONS FOR CEOS

- Businesses that aspire to growth see success as the ability to meet the needs of a broad range of stakeholders.
- Firms who have low growth plans see business in more personal terms: complementing lifestyle, making a living, providing for retirement and satisfying customers with whom the principles have a close relationship.
- High growth firms innovate, export, train and delegate.
- High growth firms have their eggs in more than one product basket – and innovations in the pipeline to replace existing products as they complete their life span.
- Innovative firms chase long-term business sustainability over short-term returns.
- The most common barrier for growth firms is skills shortages; for non-growth firms it's government regulations and access to finance.
- To create competitive advantage, look to the customer facing parts of the business: reputation, personal attention and quality.

GET WITH THE PROGRAM

You want your business to be as successful as possible. So do we. That's why the UQ Business School Australian Owner Manager Program has been created.

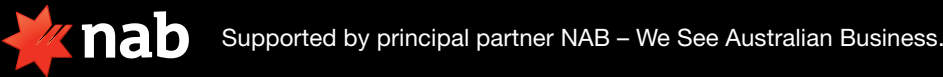
It's the first program of its kind in Australia for business owners like you. People who want to keep improving their business, while seeing the big picture and restoring their work-life balance. But don't just take our word for it, take a look at the stats.

The Australian Owner Manager Program utilises learning from the ICEHOUSE business growth centre, and the results are impressive.

- 96% said the program had a positive impact on improving business performance
 - On average, businesses that went through the program show earnings growth of around 40% per year
 - 66% of program participants reported improved work-life balance
- They're just some of the rational reasons why you should find out more. As for the emotional drivers, you know them all too well.

Visit ownermanager.com.au for all the information you need. Email execed@business.uq.edu.au or call 07 3346 7111.

THE UQ BUSINESS SCHOOL AUSTRALIAN OWNER MANAGER PROGRAM



EXECUTIVE EDUCATION



CHALLENGING THE FUTURE

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Partnership

“Partnership, implementation and the ability to pick the fab from the fad are the names of the game for tomorrow’s successful IT leaders,” says Andrew Burton-Jones, Professor of Business Information Systems at UQ Business School.

“CIOs must be across the latest hardware and software, of course, but knowing how to integrate it to support business is where competitive advantage will emerge,” he believes. Inadequate implementation drives up costs, slows change and has knock-on effects in terms of frustration and morale. Building partnerships with business sectors across the company is critical to ensuring technology is optimised.

Burton-Jones says that under-developed partnerships between IT and the rest of the business is one of the main reasons that more than 50 per cent of technology implementations fail to some degree.

“People who can see technology as a part of the business and how it can help them consider new ways of developing products,



Professor Andrew Burton-Jones

A management consultant turned academic, Andrew is a leading authority on management information systems. Through his research work, he aims to help find ways to design better information systems.

new options for customers, new ways of reducing costs – they’re the innovative executives,” he says. “And that’s what the IT function is there to support.”

“It’s about finding the fundamentals among the fads, but still being able to talk about the fads,” he says. “The ability to sense quickly what’s happening in the market

and then respond internally will increase in importance.”

Burton-Jones sees one of the most common mistakes in IT management is succumbing to the ‘silver bullet theory’: promoting a piece of technology beyond its possible benefits, even hyping it as transformational.

This is a particular challenge for CIOs, who may be pressured to follow IT trends from many areas of the business. It is doubly concerning that research shows companies that don’t follow IT trends often experience a dip in corporate reputation. The key is to follow the trends that help, while focusing on the fundamentals.

BUSINESS 3.0

UPSKILL FOR NEXT-GEN BUSINESS SUCCESS

Cash flow and customers – your business needs both. But in times of rapid change, just about everything else is up for grabs. What business skills will keep your company relevant? What are the capabilities of *Business 3.0*?

Five UQ Business School thought leaders give their take on core capabilities for competitive corporations.

Learning

Any business focused on innovation must have the culture that nurtures new ideas and the wherewithall to deliver on them, says Damian Hine, Associate Professor at UQ Business School.

There are ‘four pillars’ of innovative firms, he believes:

❖ ‘Competitive intent’ which focuses on long-term success, not short-term wins.



Associate Professor Damian Hine

Damian is the author of two books on innovation. He recently advised the OECD on the future of the global biotech industry and is currently involved in a government project to develop agribusiness in the Pacific.

❖ ‘Learning focus’ which encourages exploration – not exploitation alone: exploring new products ideas, markets, partners, and alliances for new ways of behaving, thinking, working.

❖ Embedding successful ideas in the business. If something works, share it and make it part of how the company works. Patterns and routines are helpful as long as they are not so formalised that flexibility is stifled.

❖ Getting the right equipment, skills and experience to get an innovation up and running. An overlooked resource is often the money to invest in the innovation, without putting undue stress on the rest of the business. “You need slack resources,” says Professor Hine. “To get slack resources a degree of prior business success is useful.”

Innovation – the Google way, Michael T Jones, Chief Technology Advocate, Google

You know Google maps? That was Michael T Jones’ idea. He not only built it, he sold it to Google and changed our world. When it comes to innovation, he’s a man that walks the walk, and advises governments to how to. “The interesting truth,” he says, “is that innovation is not hard. If you’re locked out of your house, it’s hard to break in. But if your baby is in there, you’ll find a way. Innovation is about motivation. If motivation is greater than the pain of innovation, it will happen.” Jones believes that most people work in environments where innovation is stifled. “If you aren’t allowed to fail, you won’t try

anything new,” he explains. “Imitation happens when people are punished for failing.” The most powerful things a company can do to create a culture of innovation, he believes, is to first allow failure, and then second, reward people for what they learn when they fail. Learn nothing, and it’s failure indeed, he believes. Another mistake businesses make is to believe innovation has to be big. “Innovation needn’t be huge projects with long lead times and enormous budgets. Innovations can be small – take a week, cost little or nothing. Google is always playing with the size of its buttons just to see which people find easiest.



Daily innovation on a manageable scale is more likely to be constant.” “Remember,” says Jones, who is in Australia for Creative Innovation 2012 – Asia Pacific at the end of November, “genius is randomly distributed. Australians have made considerable contributions to companies like Google and Apple. It’s having the opportunities to try out their wild ideas that makes innovators.”

Community



Dr Nicole Hartley

A former marketing manager for various corporations, Nicole is a researcher and lecturer specialising in branding, services marketing and decision-making behavior, and the role of social and interpersonal psychology.

Lays is a US potato chip company. Their campaign ‘Do us a flavor’ challenges customers to come up with a new flavour for their range. The prize, one per cent of the profits for 2013 or one million dollars, has generated eight million suggestions from 14 countries.

Could ‘Builder’s Breakfast’ or ‘Cajun Squirrel’ be the next fad food flavour?

Chief Marketing Officer Anindita Mukherjee is clear about the company’s intention: “It’s not about brands you buy, it’s about brands you buy into. If you want consumers to love you, they’ve got to have a hand in the brand,” she says.

It’s co-creation in action, an emerging marketing practice that engages customers and frequently delivers new ways of thinking to the business as customers are invited to provide input at various stages of the product life-cycle.

“Marketing is about building lasting relationships,” says Dr Nicole Hartley, a lecturer in marketing. “Customer interactions are no longer simply transactional. There’s a huge shift towards non-transactional interaction and trusted relationships,” she says. Research shows that people are quite willing to take a financial risk if they trust the company they are dealing with.

Collating, analysing and exploiting enormous reservoirs of customer data will

underpin the marketing capability of the future. Building vibrant customer communities goes hand in hand, in collecting data and in making it part of a meaningful contribution to customer communications.

Fundamental to a resilient customer community is transparency. Users of social media are sophisticated in their understanding of marketing techniques, and easily smell a rat. They are well aware that companies engage in social media campaigns to boost sales, but it doesn’t mean that authentic relationships can’t be developed, says Dr Hartley.

Social media content needs to be high quality, unique, up-to-date, relevant; and, more importantly, unbiased.

“Ultimately, you’re trying to build trust,” says Dr Hartley. “You’re trying to build a platform where people can talk openly. If customers sense a bias, they’ll back away. There may even be a backlash.”

Transparency

Building capabilities for the future comes at a price, or, as businesses prefer to think, at an investment. All investments must be measured. The problem is, money spent on building future capabilities is difficult to identify.

Measuring intangible business inputs and outputs is especially challenging in an accounting environment inherently orientated to recording investments in bricks and mortar, plant and equipment.

Nonetheless, it’s good business practice to build capabilities for the future. It’s also good practice to know how much this costs, and to show the cost in ways that make clear whether value is being created or even destroyed.

Investments that build intangible capabilities tend to be buried in the books. Is business, asks UQ Business School’s Professor Anne Wyatt, missing critical insight that could inform more effective investment?

“Value-added is now less about machines and more about people’s intellect, so it is harder to track. Knowing how to track value creation and destruction requires a return to fundamentals.”



Professor Anne Wyatt

Anne is Professor of Financial Accounting and an internationally recognised research scholar. She is particularly interested in the implications of technological innovation on accounting practice and the valuation of intangible assets.

Professor Wyatt says that a major stumbling block to measuring intangibles is a lack of understanding of how value is created in the wider system in which the business operates. This deficiency is built into the tight regulation in the accounting system. The difficulty in identifying intangible expenditure means that regulators experience difficulties coming up with a relevant accounting standard.

Businesses have so far not been able to come up with their own, comprehensive systems for reporting on intangible expenditure. Regulators have not encouraged the process because of concerns about the prudence properties of external reporting.

However, Professor Wyatt believes that if expenditures on intangibles are not clear and isolated, it effects the relevance of external reporting.

If it is not clear how much it costs to develop future capabilities, how can the CEO know whether it’s worth it? And can shareholders tell whether management are doing their job, and the business is on track for a great future?

“When you don’t identify expenditures on intangibles you must wait until the investment outcomes appear in profits before the existence of the investment is revealed. Arguably, it is the role of accounting to provide internal stakeholders, as well as investors, with early warning of investments and their attendant risks,” says Professor Wyatt.

Trust

Researching cultural dynamics will pay business dividends for companies moving into China, according to Dr Zhu, a Senior Lecturer in Strategy and an expert in cross-cultural management. It will also offer important lessons that will enrich the opportunities of doing business in any Asian country.

Dr Zhu believes that Western organisations entering China should understand the concept of Guanxi, which divides a person’s network of contacts between ‘insiders’ and ‘outsiders’. It also stresses obligations to one another within a network (hence the trust).

While Westerners inevitably begin business relationships as outsiders, the boundaries of Guanxi are flexible and foreigners can negotiate their way across them to move towards the centre. “The goal is to eventually get into the circle.”

“The Chinese are actually very open in terms of Guanxi,” she says. “There is a stress

on harmony in society, and Guanxi is a part of this. Within their circles, people really help each other; they go out of their way to do so. Expressing gratitude is a large part of the culture.”

Overall, there has been a shift towards a more balanced relationship between East and West since the development boom in China. “The West led the East in the past, but now it’s West meets East,” says Dr Zhu. “People are now communicating and doing business within this new context.”

“Most of the research in cross-cultural management, to date, has been from a Western perspective, which limits understanding to that of an ‘outsider’, she explains.

“You have to be very well prepared, and be innovative about your approach to any new culture,” Dr Zhu believes. “In China, especially, the reciprocity of understanding is what is appreciated, and it builds closeness.”



Dr Yunxia Zhu

Yunxia specialises in cross-cultural business relationships and networking. Her award-winning research explores areas such as Chinese management theories based on Confucian wisdom and the influence of Confucian ethics in business.

Vivian Gee, Head of Asia, Schwab Foundation for Social Entrepreneurship

Vivian Gee is a global citizen. Fluent in Cantonese, Mandarin and English, she was born in Hong Kong, and has bachelor and masters degrees in engineering from Stanford, US, and an MBA from INSEAD, Europe. Vivian is the Head of Asia at the Schwab Foundation for Social Entrepreneurship, and travels throughout the region selecting, supporting and leading social entrepreneurs. She is based in Geneva.

“Working successfully in any country starts with an effort to warm the relationship,” she says. “Showing you are willing to engage in the language or culture is always appreciated, no matter what part of the world.” When it comes to working in China, Vivian has more specific insight. She recommends taking the time to understand the history and socio economic context of this emerging economic and political force. “China was an innovator and exporter for centuries. Under colonial rule much of the country was carved up, and the Chinese lost control. In recent years the country has dug its way out of pure poverty, changing the quality of life for millions for the better,” she explains.

Singapore is seen in the West as an economic miracle of will over circumstance. As Vivian points out, China has overcome the same challenges – but with a population of 1.3 billion people.

“I believe that the Chinese people are sophisticated and self aware. They know the shortcomings of the political system. But with the devastation of the cultural revolution in living memory for so many, there is also an awareness of remarkable gains.” Respecting the history and understanding why the path of protectionism and control are sometimes so evident, will deepen appreciation of the business context and strengthen relationships, she says.

ELECTRICITY THE TRUE COST

Australians have long enjoyed cheap electricity, but in recent years, costs have shot up – in NSW alone prices have risen by about 85% since 2008 – and consumption has gone through the roof. Why?

Australians have long enjoyed ridiculously cheap electricity. A study conducted by the New Zealand government in 2009 found our residential electricity bills were ranked second lowest in the world, while Australian Bureau of Statistics figures from 2008 show that Australians spent just 2.4% of household income on their electricity bills. But in recent years, costs have shot up – in NSW alone prices have risen by about 85% since 2008 – and consumption has gone through the roof. Why?

The cost of electricity can be broken down into a number of distinct elements, ranging from power generation to distribution networks to government schemes and taxes. It is every part of the electrical production chain that is contributing to the price rises; there is no one sole cause.

Clues can be found in a paper published by Paul Simshauser, Chief Economist at AGL, and fellow authors Tim Nelson and Thao

Doan in the Electricity Journal. The paper examines typical electricity bills from Sydney and Brisbane in 2008. The most expensive part of electricity – around 43% – was generation, which includes fuel and the costs associated with building and maintaining power stations. Transportation charges, such as transmission, distribution and metering (the poles and wires network) accounted for 36%, while retail costs represented around 12%. The cost of renewable energy schemes and taxes made up the rest.

But what will be most worrying for consumers and politicians is that Simshauser is predicting residential electricity prices are likely to nearly double in the coming years due to what could be seen as conditions for a perfect electrical storm: rapidly rising peak demand and cost rises across every element of the electricity production chain.

The rising demand has come about because of what Simshauser calls the “Boomerang Paradox”. These are good times in Australia, and in some ways energy could be considered the new status symbol. Rising affluence means people have bigger homes and more electrical goods to plug in. Take the example of Brisbane – in just 12 years, the number of households with air conditioners has risen to 75%; a third of homes now have two air conditioners or more.

With electricity use rising at peak times and consumers expecting perfectly reliable supply, aging infrastructure has to be able to carry a bigger peak load, and augmentation costs money. The result is more expensive electricity, which the poorest people in Australia will struggle to afford. “The paradox here is of course that rising wealth has actually caused the preconditions for fuel poverty,” remarks Simshauser.



**Professor
Stephen Gray**

Stephen is a finance expert specialising in the area of valuations, the cost of capital and corporate financial strategy. In addition to teaching and research, he acts as a consultant to industry.



Dr Jason Hall

A former equities analyst with a major bank, Jason is a finance expert who has advised the Australian Stock Exchange and Queensland Treasury. His achievements include developing a new way to value tech stocks.

By looking at costs in 2008 and forecasting for 2015 in NSW and QLD, Simshauser shows a raft of drivers for the likely doubling of energy bills. Australia's historically low electricity prices have been largely due to the low cost of coal, gas and oil, which has been sold domestically at cheap prices. There is strong potential for raw energy prices to rise well above the traditional rate of being sold at a margin just above what it costs to get it out of the ground.

The switch from coal to gas has also contributed to price rises, as has the cost of building a new power plant, which has doubled between 2000 and 2008. The post-financial crisis has also impacted on the cost of finance, while there has been an explosion in the amount being spent on networks, an issue which recently came under the scrutiny of the Australian Energy Markets Commission (AEMC).

The AEMC has recently published a set of proposed rule changes in relation to how much companies that own the distribution networks are allowed to charge consumers. The changes are about ensuring that companies and investors get a fair return but that consumers don't pay any more than is necessary. The changes aim to remove some of the volatility and uncertainty from the regulatory process, which would be in

their work in this area with a number of network companies, regulatory agencies and courts. Most recently they were the key advisors to the AEMC on cost of capital issues. Whereas the current rules have had the effect of limiting what can be looked at when determining a fair return, the AEMC's draft rule changes are designed to produce more robust estimates by ensuring that all relevant evidence is considered in a holistic manner. There are also some more technical amendments that are designed to further decrease the volatility of price changes.

AEMC Chairman, John Pierce, said in a statement there was "no one single cause" for the rising costs of providing electricity and gas network infrastructure. "The revenues required by these network service providers are impacted by the external environment, such as electricity demand, the cost of capital and the reliability standards expected by the community."

Going green will cost money, too, as we move away from low-cost coal to lower-CO₂ emitting gas and introduce the carbon tax. The \$23 per tonne carbon price will be passed on to consumers, which the government hopes will provide an incentive for households to save energy. At this stage,

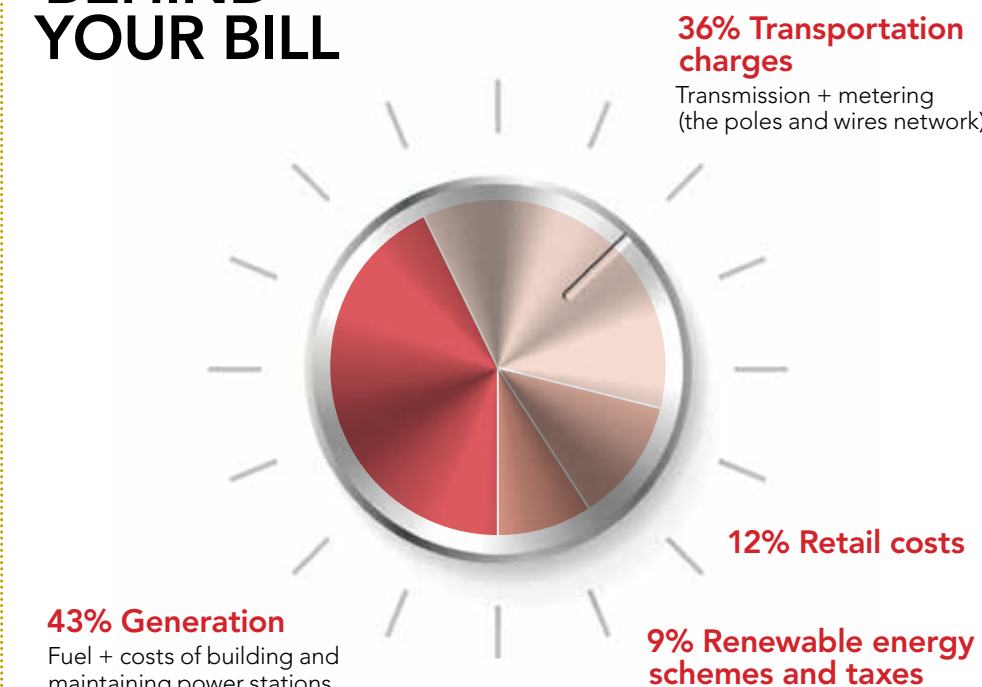
take advantage of the sorry state of the transmission network," he says.

"This kind of 'distributed generation' is going to be a big market. Rather than generating centrally and long-lining power to a community, distributed generation locates the generating asset closer to the load. In some cases it can save the network from upgrading their transmission lines. This kind of 'grid augmentation' is perfect for solar PV, cogen and trigen."

He says, with the rising costs of delivered electricity and the falling costs of low carbon technologies, particularly solar photovoltaic (PV), investments are now working on a stand-alone basis, without government incentives. He has observed a resurgence in assets that will be built over the 2013 to 2014 period. "There is going to be a lot of commercial and industrial scale solar PV and tri-generation being built," he says.

"Nobody is going to build new coal generation because it can't get funded – there is too much carbon uncertainty," he says. "Ultimately, as we decommission coal, we'll see a shift through gas and toward smarter renewables."

BEHIND YOUR BILL



Based on a breakdown of electricity bills from Brisbane and Sydney, 2008 by Tim Nelson and Theo Doan, *Electricity Journal*.

“Residential electricity prices are likely to nearly double in the coming years”

the long-term interests of electricity providers and consumers alike.

One of the focal points of the AEMC's analysis was the return on capital that is charged by transmission and distribution networks. The rules allow these businesses to charge prices that reflect a fair return on the substantial amount of capital that is required to operate an electricity network. Just what represents a "fair" return is a source of perennial debate that requires sophisticated analysis of market data.

Professor Stephen Gray and Dr Jason Hall from UQ Business School are well known for

UQ Business School research predicts household electricity bills will be impacted by the carbon tax to varying degrees – depending on which state people are living in – but on average they will rise about 8.9%.

But while there are grumbles about the cost of going green, it is actually proving a cheaper way to enhance aging energy infrastructure, says Martin Rushe, a corporate advisor and investor who specialises in energy and technology.

"There are good returns coming from strategically placed generating assets which

MOMENTUM IN A MOMENT

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HOW SECURE IS YOUR CREDIT CARD?

WHAT ARE THE RULES?

Secure financial transactions are vital in a digital economy, but despite the best efforts of the world's major credit card issuers to produce a viable standard, fraud is on the rise in Australia. Is the explosion of online startups behind this, or, as Peter Clutterbuck argues, do we need more rigour and accountability in security standards.

Kasia is an artisan.

She is also a business woman. Her business, Laikonik, is one of a rash of small businesses thriving online, which between them contribute to 34% of Australia's private sector economic wealth.

Like many kitchen table startups, the idea behind Laikonik was to take passion and talent and combine them to build a viable business and make a reasonable living. Like most first-time entrepreneurs, Kasia had no business training. Nor was she a programmer, a web designer, a payments clerk or an accredited credit card merchant.

In seven years, Laikonik has grown to become an international exporter of environmentally sustainable handcrafted homewares with 70% of sales direct to customers online, the rest supplied to shops in Australia, the US and the UK. All online payments are made and taken through a third party clearing house that provides security for seller and buyer and a globally trusted payment environment. Kasia hasn't had to speak to a

bank or write a line of code.

It's the kind of online success story that inspires many entrepreneurs. But the course of small business does not all ways run smoothly, and one issue online startups are increasingly running up against is the increase in payment fraud.

Since the boom in online retail, credit card fraud has dramatically increased, from 67.2 cents to 96.0 cents in every \$1,000 transacted in 2011. According to the Australian Payments Clearing Association – whose members include financial institutions, merchants and other payments providers – shopping online, by mail or by phone accounts for 71% of fraud value on locally issued credit, debit and charge cards.

And it's the growth of the small online business that Chris Hamilton, Chief Executive of the Australian Payments Clearing Association (APCA), believes is contributing to this rise.

Chris Hamilton believes that those who wear the fraud – financial institutions and, sometimes, merchants – are the ones who are best placed to minimise it.

"All frauds start with a "compromise": the fraudster getting hold of something – a card, or some data – that they can use to commit the fraud. So, a standard around the securing of card data is absolutely vital. That's where the Card Industry Data Security Standard (PCI DSS) comes in," he said.

The PCI DSS emerged in 2004 when Visa and MasterCard merged their security requirements into a single standard. By 2006, Visa, MasterCard Worldwide, American Express, Discover Financial Services and JCB International announced the formation of an independent body – the PCI Security Standards Council, LLC – to deliver and maintain a global, industry-wide security standard for the protection of cardholder account information.

The requirements that merchants must observe fall into six categories:

- Build and maintain a secure network
- Protect cardholder data
- Maintain a vulnerability management program
- Implement strong access control measures
- Monitor and test networks
- Maintain an information security policy

While the standard is not law, incentives to comply are clear. Financial institutions and merchants agree that fraud victims get repaid money lost, as long as there is no evidence that the merchant acted negligently. If a business is found not to comply, it faces heavy fines, increased audits, and the possible suspension of their merchant account facility by their bank or card issuer.

Card issuers have employed increasingly aggressive tactics to deal with illegal card activity, such as 'sniffer' programs that look for unusual behaviour patterns and stop strange transactions. MasterCard's SecureCode and Verified by Visa require card users to enter additional security information in a bid to make account data less attractive to steal.

Trouble is, while prevention software and authentication processes do help, too many safeguards can be a turn-off. For example, a merchant may ask consumers to enter a password that their credit card company will verify, yet that extra step may make consumers change their minds about buying. "Merchants worry about abandonment when they implement these schemes, particularly for lower-value transactions," says Hamilton.

The issue with small online retail businesses is that the PCI DSS is now several years old and small business may well lack specific knowledge of the standard or its implications.

Says Judy Shaw, spokesperson for Visa: "Criminals go for softer targets – companies that are either small or vulnerable because they are new to e-commerce. We're encouraging more compliance with PCI DSS across small to medium businesses, particularly those that are classified as in higher risk sectors."

Transactions between companies and customers rely on trust that cheques, credit cards and bank transfers are valid. Increasingly, though, they are not and somebody ends up with a fake check, or worse, a compromised bank account.

If there are security standards in place, why is fraud on the up?

The problem with PCI DSS is that we don't know who is complying, even though financial institutions and merchants contractually agree to.

"Business is very reluctant to provide specific data on security matters," says Peter Clutterbuck, Lecturer in Business Information Systems at UQ Business School.

This makes it difficult to get up-to-date information on the size of the problem.

"It's a question of patchy information from business and from the regulatory body."

It's the big companies that have enough firepower to guard against the new technical capabilities and practices of criminals.

Still, warns Dr Clutterbuck, one can not make the blanket assumption that all big companies are complying with PCI DSS. It has been described as a difficult standard to comply with.

"There are questions as to whether staff are fully trained to assess compliance. Most analysts describe the PCI DSS requirements as posing significant personnel training challenges."

Also, some merchants processing less than six million transactions per year are allowed to self-assess compliance, which Dr Clutterbuck sees as an inducement not to crack the whip too hard.

The difficulty of cracking down on criminals who hack into online data is exacerbated by inadequate data breach disclosure laws. Other markets are demanding that merchants identify and disclose a data breach to the authorities as well as to the individual consumer. There has been a strong push for such legislation in Australia, but, to date, nothing has been framed.



Dr Peter Clutterbuck

An expert on internet security, Peter has held management positions in the public and private sectors. He advises organisations on network security and is currently carrying out research into security auditing.

SECURITY STATS

95% of consumers stop shopping with a company that mishandles their data

65% of Australians are more careful with their ATM or credit card pin than their online passwords

22% of Australians use personal information like pets' names or nicknames for passwords

Sources: Transactis; PayPal.

The enemy within

Fraudsters, of course, also lurk inside of companies. So while companies are fighting crime and enlisting firewalls and other technologies to keep data, those steps are useless if an employee decides to steal. Armed with the username and password he or she can access a company's computer systems with little risk of detection.

"A significant proportion of fraud is internal," says Hamilton. Companies that hold on to card data run a huge risk. So what are they doing about securing card numbers inside their own business? What are their arrangements with employees? Do they have steps in place to stop people committing fraud?"

Says Shaw: "The potential damage goes well beyond the threat of fines for failing to protect sensitive data or immediate fraud losses. Consumer confidence in conducting

business online is everything, and the potential damage to corporate reputation and brand can be extremely serious."

Getting these fraud levels down is a priority, but it will take a concerted effort from both businesses and card issuers.

In seven years of trading, five online, Kasia Jacquot has not experienced a single instance of credit card fraud or compromise of customer data at Laikonik. Her advice to startups is simple: "Buy in what you don't know. I opened my shop with Big Cartel, who provide the virtual ecommerce environment – the shop, the shelves and the cash register." When it came to payments, Kasia understood trust was critical. "I have opted for PayPal, an online transaction management system that is known around the world and created specifically to work online. It's served my business and my customers well."

SEA CHANGE

WHAT DRIVES ADAPTATION TO CLIMATE CHANGE?

Can insurers or reinsurers change our behaviour and help us adapt to climate change?

Australia's obsession with sea changes, waterfront properties and coastal living has a dark side that will make its presence inevitably and abundantly felt in coming years.

With six per cent of homes less than three kilometres from the ocean, and the number increasing, Australia is one of the most vulnerable nations in the world to the effects of rising sea levels.

The Department of Climate Change estimates that as many as 250,000 Australian homes, worth \$63 billion, will be inundated by 2100 if sea levels rise by the forecast height of one metre. Over 90-odd years, a metre may seem manageable, but it's not the rising water level alone that is the problem.

Far greater harm will be wrought on coastal communities, infrastructure and ecosystems by the accompanying increases in extreme weather events such as cyclones, flooding and storm surges.

The complexities of the issue, the seemingly extensive timeframe and the enormity of the challenges, have made rising sea levels something of a political hot potato. We know that it matters, but who is going to take responsibility?

Up until now, insurance has been first, and best, defence against the ravages of climate change for business and consumers. But re-insurers, those that insure the insurers, have been modelling long-term potential scenarios, and, in the face of increased extreme weather events, they believe it's time to start adapting to new circumstances. Can the insurance industry act as a catalyst for changed behaviour in the face of growing risk to assets, businesses and homes?

After all, insurance has been the driver for widespread social and economic change: safety in cars, public health campaigns, safe building standards, almost anything.

Dr Justine Bell is part of an interdisciplinary team based at The University of Queensland

examining the impact of sea level rise, and policy and business implications. She believes the state government's hands are tied in certain areas of adaptation, such as flood proofing of existing dwellings.

"The government can't retrospectively impose development controls on people without having to pay compensation," she says. The answer is more likely to be factoring adaptive behaviour into insurance premiums.



The Federal Government has proposed mandatory flood insurance, but it's not an initiative that the insurance industry has embraced. Insurance premiums in high-risk areas will eventually become prohibitive as the regularity and severity of flooding increases. Faced with the prospect of having to withdraw cover from high-risk locations, insurance and re-insurance companies have been supportive of climate change adaptation options.

Dr David Bresch, Global Head of Sustainability at reinsurers SwissRe, explains that even if global greenhouse gas emissions cease today, climate change will continue for some time to come. "It's time to face the probability and begin to adapt," he says. And the most persuasive argument is likely to be

an economic one. "Decision-makers need a rigorous cost-benefit model that assesses risk, prices it and balances that with the cost of the range of adaptation options available."

SwissRe's Economics of Climate Adaptation model has been designed to make transparent the numbers behind climate change impact. "Numbers are a solid starting point for grounded discussion," and Dr Bresch believes this is a useful contribution in the ever-emotive climate change discussion.

Dr Bell sees an opportunity for government to become involved as well.

"Grants or interest-free loans could be offered to people who take adaptation measures," she says. "It's a good way to get around the legal barriers that prevent government from taking action to fix these problems."

Dr Bell's research is part of an interdisciplinary project with The University of Queensland's Global Change Institute (GCI), which has sought to address the lack of thought leadership and planning framework in the area of sea level rise through the Australian Sea Level Rise Partnership (ASLRP), established in 2011.

"Sea level rise has almost exclusively been dealt with in the domain of science



Dr Justine Bell

Justine is from The University of Queensland's Global Change Institute. She has a background in environmental law and is particularly interested in how laws can be more effectively managed to promote sustainability.



Professor Andrew Griffiths

The Dean of UQ Business School,

Andrew is an expert on corporate sustainability, governance systems and ways organisations can mitigate the risk from disasters and disruptions.

– understanding the bio-physical impacts and changes that occur to ecosystems in response to sea level rise," explains Professor Andrew Griffiths, Dean of UQ Business School. "Drawing on multiple disciplines – law, economics, business, planning as well as the physical sciences – ASLRP will generate new insights and solutions to complex problems. The team seeks to create a framework to enhance policy choices around infrastructure, business investment and property protection under uncertain futures."

ASLRP researchers are also examining the potential role of the insurance industry in the protection of ecosystems – or green infrastructure – such as mangrove forests.

Mangroves provide erosion protection for coastal areas in the event of cyclones or storm surges. In 2011, the Department of Environment and Resource Management noted that the damage bill for Cyclone Larry, 2006, would have been significantly higher without the mangrove forests along the north Queensland coast.

"With a mangrove forest in place, the amount of wave energy that reaches the shore is minimised," says Dr Bell. "But mangroves themselves can be damaged by storms, which can lead to a decline in mangrove numbers,

BLUE CARBON. IT'S GREEN.

Australia has the most abundant mangrove habitats in the world, after Indonesia and Brazil. They are found in all coastal mainland states and territories, and fringe 18 per cent of the coast. All states and territories except Victoria have government legislation to protect them. And they'll be glad they have.

Scientists have recently discovered that blue carbon, sequestering carbon in mangroves, sea grasses and salt marshes, can sequester carbon at rates 25 to 40 times greater than terrestrial forests, and can store it for millennia. As sea levels rise, the habitats may even have the capacity to grow vertically and keep up, burying away carbon-rich mud as they do.

"From a business perspective," says Dr Shay O'Farrell, Head of the ASLRP, "there's a lot of talk about getting [mangroves] into global carbon markets, to use them for carbon offsetting," he says. "Scientists are trying now to get the uncertainties down. Business wants to invest but they also need to be fairly certain about the return on their investment."

which in turn means more wave energy will reach the shore."

But that's not all. Mangroves are significantly more efficient than terrestrial trees at sequestering carbon dioxide from the atmosphere. And the health of commercial and recreational fish stocks in Queensland are heavily reliant on mangroves for nurseries.

The research team at the Global Change Institute has proposed an insurance mechanism to cover the rehabilitation of mangroves that are damaged by extreme weather events.

"If mangroves themselves are insured, this can assist with rehabilitation if they are damaged. In turn, this could lead to reduced premiums for properties protected by mangrove forests."

Preserving mangroves is among the most cost effective climate adaptation options identified by SwissRe's research. "Every 10 cents spent preserving mangroves reaps a dollar in loss prevention," says Dr Bresch. "Mangroves highlight the importance of green infrastructure in the basket of adaptation options."

Should mangroves become a valuable commodity for carbon offset markets as is hoped, Dr Justine Bell suggests "an insurance scheme will arguably be necessary to protect financial investments."

ASLRP research acknowledges there could be challenges in marketing a mangrove insurance product, but found a sound legal basis for its development. It suggests that a mangrove insurance product could be sold to government or property owners, who might receive a discount on home insurance in return

for purchasing a policy, or even as a group product similar to body corporate insurance.

To SwissRe, the role of reinsurers in managing climate risk is clear. "We are not experts at adaptation; we are experts in modelling risk. A cost-benefit framework of adaptation options in the face of risk will create transparency and inform decision-making," explains Dr Bersche. One thing is indisputable, he believes. "Climate change will happen. We can't avoid the inevitable, but we can manage the unavoidable."

What is the potential climate-related loss to our economies and societies over the coming decades? How much of that loss can we avert? With what measures? What investment will be required to fund those measures? And will the benefits of that investment outweigh the costs?

Shaping climate resilient framework, SwissRe, 2009

TELLING IT LIKE IT IS

STANDARD BUSINESS REPORTING

A universal financial reporting format makes sense to regulators. But so far, when it comes to volunteer take up, it's largely had a thumbs down from business. UQ Business School's Peter Green, Alastair Robb and Fiona Rohde ask why.

Despite heavy marketing by the world's biggest regulators, the idea of a universal financial reporting format has not been embraced voluntarily by the corporate world.

In fact, efforts to make XBRL (eXtensible Business Reporting Language) a universal electronic language have fallen short of expectations.

The same is true in Australia where XBRL underlies a system called Standard Business Reporting, designed to help businesses report from their accounting systems to regulators and others, in a uniform, readily comparable format.

For regulators, the advantages of XBRL are clear. Receiving information in one format from the hundreds of thousands of businesses who must report their activities makes life easier. It cuts down processing time, is more comparable, and so more useful, and saves heaps of money.

For more than a decade, companies have pretty much ignored XBRL. But more and more they are being forced to deal with it as regulators push for its mandatory use in financial reporting. Securities regulators in the US, Singapore, China and Japan have mandated its use. In Australia, SBR is voluntary, except for SuperStream, a government initiative to clean up the back office of the superannuation industry.

The big end of town is praying it stays that way. Many companies see the standard as costly, complicated and without benefits.

Bevan McLeod, Director of Deloitte Digital, says companies can't see what is in it for them. "Companies never believed it was anything more than an extra step in the compliance process," he said. Geoff Miller of the Markets Group, Treasury agrees: "Right now, many large companies don't see a big enough business. We're making inroads at the small end of the market, but at the big end of town we need the software developers to come fully on board."

In essence, XBRL/SBR makes sense out of numbers by tagging and clearly specifying what each item of data actually means. It, in effect, standardises the format of figures contained in company accounts. By allocating precise definitions, or tags, to 'revenue', 'short-term debt' and 'receivables' items, it allows computers to accurately read and report the figures in the exact same way regardless of where they came from.

The real issue is whether there is anything in the switch to SBR for the more sophisticated companies, their lenders and the investment community.

Or does government benefit the most? SBR fans tout the efficiency gains: it speeds up processes, improves data quality and

massively cuts the time it takes to produce and send accounts to the correct government department, they claim.

Certainly, SBR looks to be a good thing for smaller companies. As Alastair Robb says, Australia has more small businesses compared to other markets, and government recognises this. Dr Robb, Lecturer in Business Information Systems at UQ Business School, says Canberra was keen to complete Australia's taxonomy in 2010 so software developers like QuickBooks could integrate SBR into their products.

Clearly SBR has won some converts. Deloitte is a user and McLeod says it definitely has value. "It provides a structure for organising client data. If Deloitte's clients also switch to the standard it saves everyone time and money, since it gets rid of duplication and manual data inputting."

A big gain, say the regulators, and our treasury, is for investors. The more SBR users, the bigger the pool of useful data.

Kerry Hicks is Head of Reporting for the Institute of Chartered Accountants. She agrees there is huge value in investors having access to all company data sourced through an identical process and available in an identical format, making it strictly comparable. "Today, every company is reporting differently. "With SBR, analysts can compare sectors more easily and could, at the press of a button,

source cash flow numbers for all the telcos in the sector from a consistent public data pool, for example."

Yet companies have long been proficient at organising and mining data for competitive advantage, helped by the software giants.

Interestingly, says Peter Green, Professor of Electronic Commerce and Business Information Systems at UQ Business School, many companies have chosen to stick to their existing methods and simply outsource conversion to the new format.

To Professor Green, if the benefits to business were clear and more than speeding up reporting alone, there would be more user uptake.

Analysts, he says, must see the benefit too.

"There's been lack of take-up by analysts. SBR might generate information more quickly, but it doesn't help if it's not compliant with analysts' systems. They have already configured their valuation models to make sense of the financial information from company accounts."



Professor
Peter Green

Peter is an authority on ecommerce and business information systems. Before entering academic life, he held senior positions with a regional electricity board, a chartered accountancy firm and a Queensland government department.



Dr Alastair Robb

Alistair is a specialist in business information systems and has published numerous research papers on topics such as ensuring the accuracy of data and how businesses can best improve their IT governance.



Professor
Fiona Rohde

Fiona worked for an international accountancy firm before becoming an academic. Her specialist areas include information management and its effect on accountancy techniques. She is also Deputy Head of UQ Business School.

There's a bigger reason

The biggest problem for companies (and analysts), he says, is that SBR just doesn't fix the myriad of accounting issues they have been struggling with. Just because the tags are based on the international accounting standards, doesn't fix the problem of accounting interpretations – how numbers derived under different interpretations differ from jurisdiction to jurisdiction. This is the issue that the business and the investment community needs addressed as a priority. On this, SBR has failed to deliver.

According to Hicks, take-up of SBR has increased in the last six months, but mainly by small business. She says the accelerated take-up is due to a higher number of accounting software products for small businesses. "No listed company has lodged their financial report with ASIC using SBR

technology which tells you the bigger end of town doesn't see any great benefits at this stage." As she points out though, the use of SBR is not mandated in Australia, the Australian Stock Exchange is not yet on board with it and the right technology is not yet available to make the information useful to investors.

To Peter J Meehan, CEO, The Group of 100, the organisation representing the CFOs of Australia's top 100 companies, major corporates view SBR as a major expense. "Executives would be quite comfortable adopting SBR if they were completely upgrading their systems." And he echoes Professor Green when he warns that SBR will not solve the problem of people disclosing a variety of financial information under the same tag.

Hardly a testimonial

Three researchers at the National University of Singapore, however, have found that "XBRL has lowered the cost of equity capital for companies and given a boost in analyst coverage and forecast accuracy." Professor Green is unconvinced. "It may be that the adopters will achieve a one-off benefit due to the efficiency benefits of analysts and investors being able to integrate the information faster into their evaluation and analysis systems. However, the benefits are not ongoing as there is no 'new' information that the analysts can use to improve forecasts into the future.

Also, the claim of 'more accurate' forecasts applies in the most part to smaller firms, which the analysts were probably not following previously anyway.

Peter Green says there has been plenty of work done to create SBR, but not enough to convince business to put it on the priority list. "SBR is competing with a lot of other regulatory change. We're a long way from achieving a system that works for the investment community."

The next question for Australia will be to mandate or not. SuperStream has mandated SBR and rumour has it that the Tax Office is keen to see it taken up. As Geoff Miller sees it, the increasing take-up at the bottom end of the market should flow up to larger companies' investment in new technology. "We will reach a tipping point as word gets around."

UQ BUSINESS SCHOOL NEWS

Innovation Scorecard reveals how firms are breaking the mould

Nearly two-thirds (62%) of Brisbane businesses surveyed in the 2012 Brisbane Innovation Scorecard have made at least one significant innovation in the past three years.

The third annual Scorecard also reveals that of those businesses that are innovating, three-quarters (78%) are pioneering ideas entirely new to their industry. The Scorecard is a collaboration between UQ Business School and a range of partners. Key findings include:

- ❖ Businesses in manufacturing, professional scientific and technical services and media and telecommunications were the top innovators.
- ❖ Businesses with 20 or more employees were four times more likely to develop new ideas of value than smaller firms.
- ❖ Businesses operating in international markets indicated higher levels of 'new to industry' innovation.
- ❖ Collaboration between different partners can help ideas to flourish.

Professor Andrew Griffiths, Dean of UQ Business School (pictured), said: "The Scorecard clearly indicates that companies are feeling the benefits of innovation. In particular it's good to see the existence of a significant number of innovation pioneers within Brisbane – companies which are breaking the mould in their industry by pursuing novel ideas – and that some businesses have succeeded in adopting a culture of innovation right across the board."



BALL RAISES \$70,000 FOR SICK CHILDREN

The Preston James Fund Ball – one of the key events in the Brisbane social calendar – raised \$70,000 for the care of children at the Mater Paediatric Intensive Care Unit.

UQ Business School was the main sponsor of the ball, which was this year held at Victoria Park Golf Course and hosted by celebrity accountant and Investec Loyalty yacht skipper Anthony Bell. The money will be used to buy equipment for dealing with severe kidney failure and a special mattress to treat pressure injuries.



Professors cited for excellence

Two UQ Business School professors have been awarded a Citation of Excellence by Emerald Management Reviews – one of the highest accolades an author can receive.

Professor Iris Vessey's article on how to make research into information systems more relevant to practice and Professor Peter Clarkson's article on the relation between businesses' environmental performance and environmental disclosure were cited as "exceptional".

They were selected from over 300,000 articles and were judged on the number of citations received and the impact of the research.

Innovation guru explodes 'ivory tower' myth

Internationally-renowned innovation expert Professor Alan Hughes exploded the 'myth of the ivory tower' during a high-profile public lecture at UQ Business School.

Professor Hughes, who was appointed as the Queensland Government Innovator in Residence, argued that the role of universities was widely misrepresented, with attention focused on a narrow range of outcomes, such as spin-offs and licensing.

He said the impact of universities was dependent on investments elsewhere in the economy – and that we need to take a wider view to enable society to benefit fully from the rich contributions they can make.

FILM HIGHLIGHTS PLIGHT OF HOMELESS WOMEN



A documentary funded by UQ Business School and an ARC grant is aiming to raise awareness of the issue of women's homelessness and the work of the Second Chance Programme in helping women get back on their feet. UQ Business School has an ongoing relationship with Second Chance and the documentary is part of a wider research project into the motivation of volunteers, by Professor Janet McColl-Kennedy.

UQ Business School also sponsors the Second Chance series of fundraising breakfast events, which have featured Elizabeth Broderick, Sex Discrimination Commissioner, and former Liberal Party leader Malcolm Turnbull as guest speakers.



THE MBA RANKED NUMBER 1 IN AUSTRALIA

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And number 1 in the Asia Pacific region, too. More reasons why the UQ Business School MBA program is regarded as one of the world's best, rewarding graduates with the invaluable expertise of lecturers actively involved with leading businesses.

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