

R+D INQUIRY

Submission No.81.....

House of Representatives

Standing Committee on Science and Innovation

Inquiry into Business Research & Development

SME round-table

7th February 2003

The Heilbronn Group



The Heilbronn Group
Resource Strategists

Executive Summary

Participation in, and this presentation to the House of Representatives Standing Committee on Science and Innovation Inquiry into Business R & D SME roundtable is by a referral and invitation issued by the committee secretariat.

Participation is undertaken on the basis that "The Heilbronn Group" (THG) is representative of a typical "Professional Services" Australian SME.

The THG experience differs slightly from a typical SME involved in the Manufacturing or similar Industries in that, as a Professional Services organisation we seek to focus our R & D within the confines of enhancing our Intellectual Property, thus adding value by creating innovation within existing resources.

THG commits 9% of its turnover to R & D on an annual basis.

THG employs one full time officer dedicated to R & D, and internally utilises the resources of the equivalent of a part time assistant.

THG has not been able to source any assistance at either a Federal or State Government level through AusIndustry or the relevant Department of State Development in its proactive endeavors towards a smarter business.



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Who are THG

Full details can be found by viewing the attached company profile, or by visiting our web page on www.heilbronn.com.au

The Company at a Glance

The Heilbronn Group (THG) is a multi-faceted consulting group providing resource utilisation solutions for the communication, energy, infrastructure, environment, land, building development, information technology, tourism, sport and gaming, and finance industries across Australia. THG's Resource Strategists eliminate many of the complex tasks associated with acquiring, creating, maintaining, adding value and divesting of assets.

THG is based in Brisbane with two other offices operating on the Gold Coast and Samford.

Created to deliver economic and environmentally sustainable lifestyle solutions through effective management and optimisation of resources, THG enables both public and private sectors to seamlessly, quickly and cost effectively realise the full potential of their project/assets.

Established in 1976, THG quickly made a name for itself as the pre-eminent surveying and town-planning house in Queensland. With the advent of technological change and new industries emerging, the direction of the group shifted drastically. Investing in, and growing the intellectual capital of the organisation became, and still is the focus. This industry leading savvy provided the impetus for extending services beyond the traditional skill set to incorporate a consulting business supplying outstanding work in strategic resource thinking.

Since then, THG has secured industry-leading customers including NDC, various government departments, Stanwell Corporation, Ariadne and Miller Property Corporation. THG has also established significant strategic partnerships with Australasian Consultants, leading consulting engineers, architectural practices, legal firms and National Property Auditors. In 1997 and 1999, the company won the UDIA Environmental Consultant award, recognising THG's professional contribution to the industry.

THG is dedicated to spearheading resource strategists as an industry profession. Being the industry visionary, THG is also leading the management of global assets into the future and setting market standards by playing active roles in prominent industry associations such as the UDIA, EIA and roles in regional economic development groups in both Queensland and New South Wales. As a reflection of this corporate



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philosophy, Graham Heilbronn, Chairman THG, was appointed the President of Commerce Queensland in November 2001 – Queensland's largest employer organisation.

The Resource Strategist Opportunity

Identifying a need to combine a variety of complimentary professions under the one umbrella to obtain superior customer service levels, THG has revolutionised the business by creating a new profession named "Resource Strategist."

A Resource Strategist controls the multi-step process to purchase, create, maintain, add value or divest of a resource whether it be - land, property, information, currency, or other similar assets, by wrapping the project with an end to end streamlined service package.

Company Philosophy

"Exceeding Expectations by Delivering Service Innovations Focused on Industry Developments"

THG prides itself on its business philosophy of "going the extra mile". This reflects in all that we do. Recognising that each industry and client has different resource management requirements and use distinct models for doing business, THG creates service offerings to ensure a 'best fit' into any environment:

- ◆ we pride ourselves on our intellectual capital;
- ◆ we obtain and control up-to-date industry information; and
- ◆ we have a migration approach; allowing scalability from the very small, to the very large projects.

Employing the services of experts in nine professions including environment, surveying, planning, landscape architecture, project management, business, marketing, accounting and law, THG is committed to providing a quality of service beyond the capabilities of conventional enterprises.

Scope of Consultancy

THG provide an extensive range of resource services:

- ◆ Project Management;
- ◆ Project Feasibility Analysis;
- ◆ Master Planning;
- ◆ Development Planning;

- ◆ Project Surveying;
- ◆ Resource Surveying;
- ◆ Environmental Management;
- ◆ Information Management;
- ◆ Tenure Advice; and
- ◆ Property Auditing.

Our core competency lies in our ability to provide unparalleled strategic resource thinking to add value to our clients' resources. The resulting effect is asset optimisation that has a competitive advantage. Our services traverse a range of industries including:

- ◆ Communications industry;
- ◆ Energy / Infrastructure industry;
- ◆ Land development industry;
- ◆ Environmental management industry;
- ◆ Building development industry;
- ◆ Information technology industry;
- ◆ Agribusiness Industry,
- ◆ Tourism, sport and gaming industry; and
- ◆ Finance industry.

Clear benefits of working alongside THG for your resource requirements are:

- ◆ A comprehensive and complimentary range of services;
- ◆ Industry knowledge and proven expertise;
- ◆ A solutions-driven, commercial approach;
- ◆ A senior staff member directly responsible for each project;
- ◆ Total team involvement;
- ◆ Informed assessments;
- ◆ Expedient approvals of statutory authority applications; and
- ◆ Local resources with national support.



Our Business Development Approach

Objectives

By research and development seek out and create business opportunities and products for, to be pursued, which once nurtured and implemented will gain a strategic competitive advantage over our competitors for the business.

The business development director works in conjunction with all directors, but particularly with the managing director and director of quality not only to create ideas, products and strategies but to commercialize those ideas, products and strategies.

The business development director works in conjunction with the marketing manager in the delivery of product knowledge.

To grow the Company by pursuit of the companies' vision and mission statements; as we:

- ◆ Identify opportunities to utilise our intellectual property to value add;
- ◆ Identify business opportunities;
- ◆ Develop new products.
- ◆ Tender for major projects aligned with our core skills;

New procedures will be developed to guide the process which a tender, business opportunity, product development should follow during its development phase. Guidance is provided as to the issues, which need to be considered at each stage of the process, along with the reporting, review and approvals requirements.

The procedures are intended to ensure that projects are only under development if:

- ◆ They are cogent with our business strategy.
- ◆ They meet our financial targets.
- ◆ They have an acceptable probability of success.
- ◆ There is widespread understanding and support for the project.



Business Development Process

An idea is presented to business development in the form of a one page briefing/background paper and discussed at the weekly management meeting.

At that management meeting (or sooner if timelines dictate) the briefing paper and project decision-maker will be considered and if appropriate the idea will be assigned a Busimarketing number and a project team nominated (if required).

The director of business development will prepare a "Business Development Action Plan".

The action plan will nominate:

- ◆ Rationale and product description
- ◆ Objective
- ◆ Market and its characteristics (size, cycle etc.)
- ◆ Opportunities to be actioned with a marketing plan (if applicable)
- ◆ Product development steps (web search, tele-research, meetings etc.)
- ◆ Reporting and decision dates (board or management level),
- ◆ Outcomes
- ◆ Measurables
- ◆ Review timetable

During the course of the action plan implementation, concept, developments, tangential outcomes will be reviewed at the weekly management meeting.



THG Research and Development Experience

Research and development is viewed within the business as an evolutionary process that has matured during the twenty-seven year history of the business.

Achievements:

- ◆ Survey application software for hand held calculators (1975),
- ◆ Implementation of a full time commitment within a professional services SME in 1985,
- ◆ Developed a system to capture textural data for the Queensland Titles office,
- ◆ Developed a streamlined system for managing both administrative systems and productivity systems,
- ◆ Implementation of a system of strategic thinking sessions to review structures and methodologies,
- ◆ Current projects;
 - ◆ THG Eco Index – an environmental benchmarking system for urban development
 - ◆ THG Hub – a web based rural regional land use management system
 - ◆ THG Virtual Project, a 3D virtual communication tool,
 - ◆ Emerging Industries, where is Queensland and Australia going?



Initiatives required by Government

The committee would understand the unique nature of the Australian SME.

Primarily the R & D needs of this group, revolve around access to intellectual property, supported by a government bureaucracy committed to growth in the professional services sector.

Access to taxation breaks and research grants are highly desirable, however not at the expense of the likelihood of lack of commercial confidentiality.

A normalized and self regulated system of taxation within the R & D sector, particularly where the R & D involves the creation of enhanced professional service delivery.

The development of Intellectual Property within Resource Consultancy's has traditionally been heavily biased towards Universities, due to their ability to manage a process unconstrained by the pressures of a demanding clientele. A simpler system may be beneficial in creating real innovation leading to jobs within the private sector.

Government tendering practices are also an indirect, but major influence over this business sector.

Access to Government projects on the basis of a reasonable return for effort is largely unavailable. A SME delivering a professional service to Government operates on the basis that the Government clearly requires the tendering organisation to price a project at a margin so small that the slightest shift in circumstances reduces the project to a position of a loss rather than profit.

Organisations thus have an enormous difficulty in creating the profits needed to fully integrate R & D into the mainstream of its business operations.

Government Departments should be encouraged to work with SME's to build confidence in the outsourcing of professional service consultancy, and create a level of employment and wealth, rather than funding research through hand-outs.

The THG perspective is that there seems to be plenty funding for start-ups or incubator type approaches, but limited funding for the ongoing operational initiatives required to maintain an ongoing initiative to create intellectual property both for local consumption and export.