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### **Why Innovation Is No Longer Black & White**

It must be green. The amber lights are flashing. Many opportunities await the ever-ready innovative organisation. Is yours one of those? I hope so. This is the huge opportunity right on our doorstep and yet a lot of us see it as an annoyance, in some cases, a hindrance.

I'm a believer, always have been. As an engineer, the science argument on climate change always made sense. We live in a finite world where resources are limited and the capacity of the world's atmosphere to absorb pollution is also limited. Something, at some point, has to give – simple logic to an engineer. And when you have Pope Francis publically backing the argument, you'd think he'd have the ear of someone who knows.

At the time of writing, the UN Climate Conference in Paris is in full swing and Malcolm Turnbull, the Australian PM, announced a \$1.1 billion innovation incentive package. The economy is weaning itself off mining stuff under our feet and now gearing itself to mine the collective brainpower of our well educated society. And about time. A recent CPA Australia survey of 3000 small businesses throughout Asia-Pacific found that only 5% of Australian businesses planned to introduce a new product, service or process in the next year. This compared poorly against Indonesia at 46%, China at 32%, Malaysia at 29% and Vietnam at 26%. Converting research into innovative commercial success, the OECD ranks Australia 116<sup>th</sup> out of 142 nations.

Climate change presents many opportunities for business. Not only to be a great corporate citizen and protect the planet for future generations but also to help sustain their businesses into the future. It's no secret, many investment houses are steering well clear of investing in fossil fuel industries and now focusing their funds towards greener operations. Yes, we can be cynical and view this purely as a PR exercise. But as long as genuine action follows, this can only lead to a win-win for both the environment and business. In this regard, a business should have two primary aims – be a great corporate citizen and to innovate with green products, services and processes. When it comes to climate change, you cannot have one without the other. And it's no surprise, if you get the first two right, a third goal comes into play – a sustainable and growing business.

There are many green opportunities, but the secret is not what product, service or process – it's the leadership to decide to look for the opportunities and take the plunge to innovate and fill the need. It's the decision that believes climate change is real, governments will sooner or later act and the market will follow. Businesses that act on it now will win and have a sustainable future. Businesses that don't, will wither and die. Large businesses typically have this concept in play and green innovations are already part of their R&D budget. My concern is the small to medium size business whose daily busyness prevents them from thinking about green innovations – remember only 5% will introduce a new product or service in the next 12 months. And yet, it is these businesses which have the greatest potential. In relative terms, the green market is still quite young and therefore not sufficiently attractive and viable to the larger players – fertile ground for the small business who wants to break in, take up a market share they can comfortably deal with and grow with the expected growth. Think of natural ventilation – an old style method of keeping cool which died with the advent of air conditioning. The focus on energy efficiency and clever design has now given new life to this mode of cooling. Similarly with evaporative cooling. Old technologies modernised with a new lease of life to provide comfort with low power consumption. The same can be said about wind and solar power. Recently, I was asked to evaluate a new roof mounted sky window for daylighting and natural ventilation. The optional blind was solar-powered – design simplification, avoiding labour intensive electrical cabling and no mains power. And who would have thought that we would get over the green energy storage issue as quick as we did? This big hurdle convinced many fossil fuel CEOs that their future was secure. Not anymore. Free energy on tap is nearly here.

Two simple messages – innovation is critical to the survival and growth of any business. Green innovation secures its long term future. Constantly critique your products, services and processes. And next time you have your regular innovation brainstorming session, green must be a key attribute. If it's not, start again. Every problem has a solution. Every situation has a better way. Every product can be improved. Climate change is a good reason, now let's find a better way – benefit the planet and benefit your business.

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