



HUNTER RESEARCH  
FOUNDATION

FUTURE-PROOFING OUR REGION

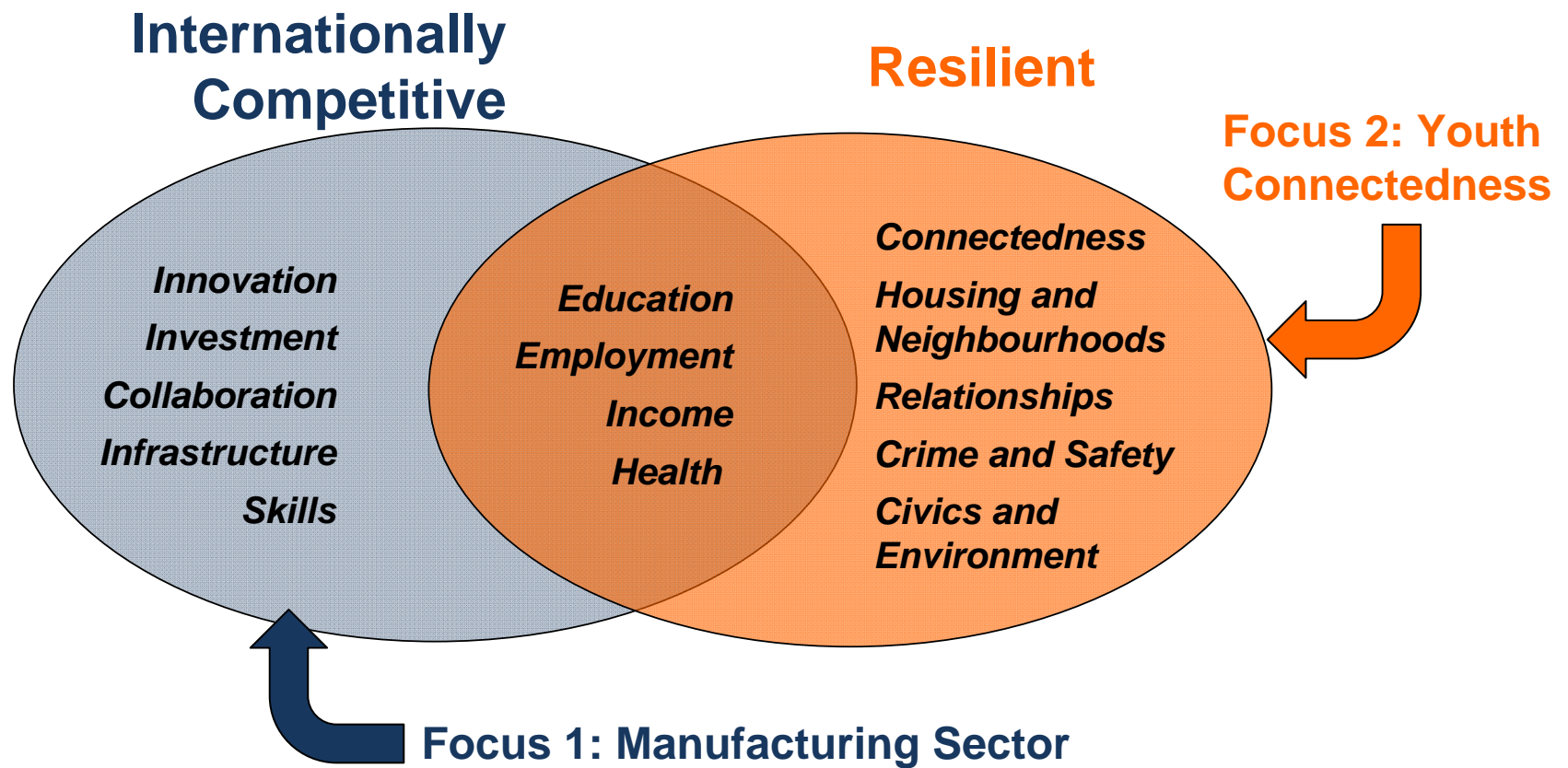
Regional Manufacturing Research Project  
- Early Insights

*Dr Brent Jenkins - CEO*

*Thursday, 31 July 2014*

# HRF's Regional Research Focus

The Hunter Research Foundation's new focus is on regional research that will lead to a more internationally competitive and resilient region



# Where are we currently heading?

The economy is shedding jobs, particularly in mining, infrastructure and manufacturing



100 jobs Carrington



130 jobs Ravensworth



103 jobs Heatherbrae



500 jobs Kurri Kurri



500 jobs Camberwell and Glennies Creek



45 jobs Hunter



160 jobs Mt Arthur



30 jobs Waratah



190 jobs Cardiff



35 jobs Gateshead



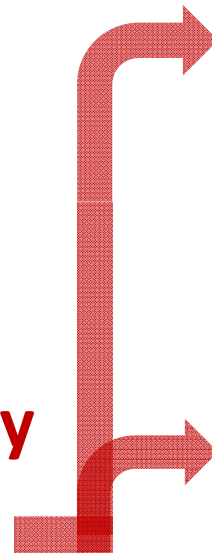
# Stage 1: Global Trends

GLOBAL MEGA TRENDS WILL IMPACT MANUFACTURING

**The Asian century**

**Limited Resources**

**Key enabling technologies**  
**Digitisation of the economy**  
**Changing consumption patterns – “mass customisation”**



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DESIGN YOUR OWN FIBERGLASS SHELL CHAIR



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# Stage 1: National Trends

NATIONAL SUCCESS FACTORS APPLY IN THE HUNTER`

**Innovation intensive manufacturing niches**

**Asia as a market (and supplier) – not just a competitor**

**Advantages of geography persist**

**Access to capital**

**Availability of resources**



# Stage 1: Local Leaders

## SUCCESSFUL HUNTER FIRMS`

### 1. Information seekers and users

→ Scan, find/develop niches, aware of value chains, customer focus (tailored solutions)

### 2. Innovators

→ R&D, value-add (“servitise”), cultural, define core capabilities, collaborate selectively, leverage capabilities

### 3. Invest in people

→ Apprenticeships and in-house training; focus on quality

### 4. Access to capital

→ Reinvest in the business

### 5. Leadership and culture

→ Look for complementarity and synergy, lean operation, import strategically



# Stage 2: Detailed Local Research

## THE QUESTION

**Key Question: What are the enablers and barriers to expanding markets ?**

- **Firm characteristics**
- **Key products and services, markets, competitors**
- **Changes over last 5 years**
- **Drivers of competition**
- **Challenges and how addressed**
- **Innovation**
- **Networks and collaboration**
- **Regional support for manufacturers**

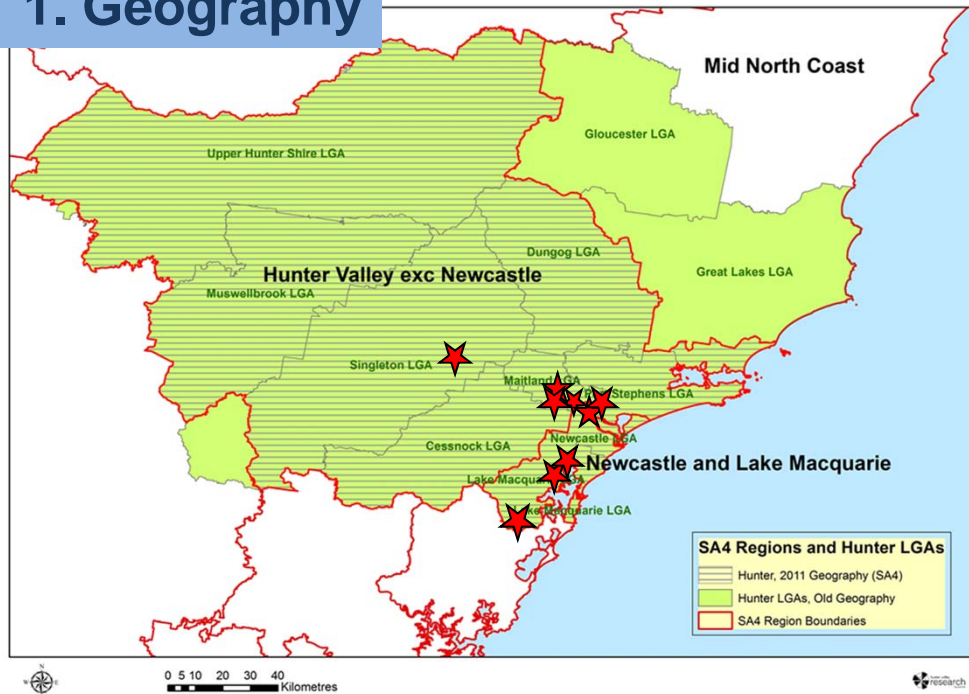


# Stage 2 - Pilot

## THE SAMPLE

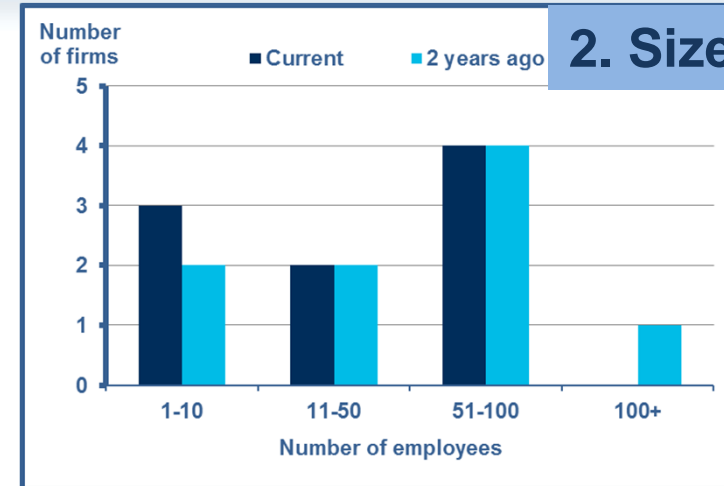
HRF will seek a representative sample of manufacturers to survey

### 1. Geography

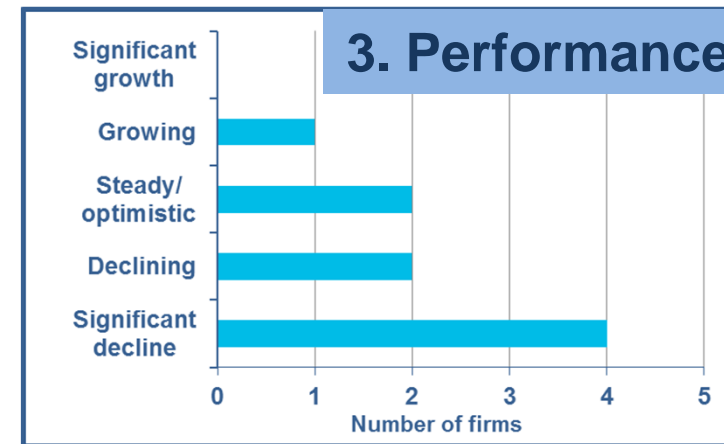


SOURCE: HVRF Manufacturing Study Stage 2 pilot

### 2. Size



### 3. Performance



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# Stage 2 - Pilot

## EARLY INSIGHTS

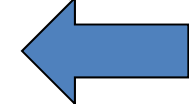
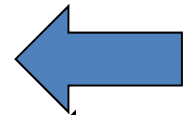
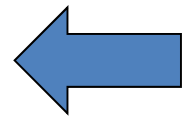
Success is characterised by a taking strategic outlook supported by pro-active investment

### Declining firms (6)

- Mix of small, medium and large
- Less R&D, innovation led by customisation (customer needs)
- Reduced staffing by up to 70%
- 'One man band' for strategic planning/decision making
- Short-term (6 month) horizons

### Steady / growing firms (3)

- Mix of small and large
- Proactive investment in R&D, new technology and innovation
- Minimal or no staff reductions over last year
- Mechanisms for strategic planning/decision making
- Long-term (10 year) horizons



# Stage 2 - Pilot

## EARLY INSIGHTS

**However, there are common challenges across all firms – successful or not**

- Experiencing reduced orders **but expect turnaround in 6-18 months**, especially renewed demand from mining
- Recognise need to:
  - develop broader relationships with customers, other manufacturers, other industries but finding it difficult to access export markets
  - work with and support suppliers and customers (along the supply chain)

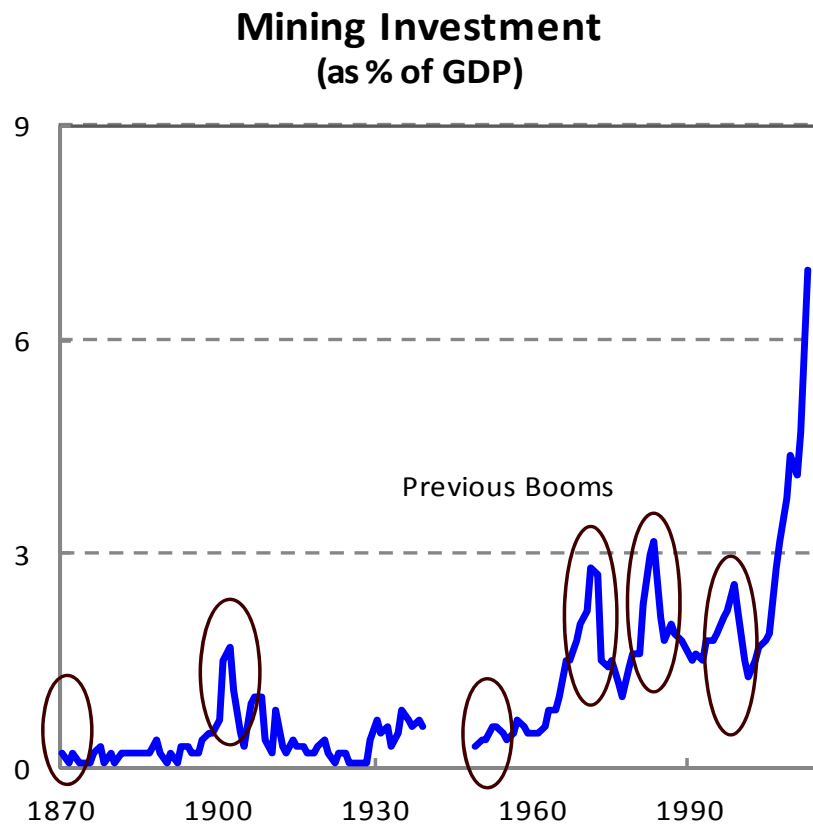
..... **most not actively seeking new markets**
- See increasing competition from imports (low tariffs, AUD, wage costs)
- Customising products to retain existing customer base
- No or few new apprentices in 2014.
- Defining new requirements from training providers (eg advanced electronics and automation)



# Challenge of context

## DEPENDENCE ON MINING

**We have experienced a once-in-a-century mining investment boom. Can we really expect this to be repeated here in the Hunter in the short-to-medium term?**



**SOURCE: St. George Bank – HRF Breakfast, July 2014**

**“Mining future outlook reaches new 5-year low... no large-scale projects for 3-5 years”, Newport Consulting MBO 2014**

**“Iron ore is the bright spot”, John Barratt, Commodity Analyst, ABC *World Today***

**“Consolidation is the key... particularly in the coal industry”, John Barratt, Commodity Analyst, ABC *World Today***



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# Stage 2 - Pilot

## EARLY INSIGHTS

### There have been a number of ideas put forward already by Hunter firms to support manufacturing

- Assistance to apply for and administer R&D grants to support innovation
- Support to access and work effectively with research institutions for new technologies and innovations
- Training of advanced skills on latest equipment
- Access to funding to commercialise innovations
- Skills in business planning
- Access to advisory boards / business mentors
- Collaboration model for local manufacturers
- Advocacy to secure domestic contracts and preferred supplier status (especially for Government Contacts)
- Support to establish export markets; development of a model for smaller firms to collaborate to provide value-added product(s) for export

***New mechanisms for collaboration and engagement with research and education providers***

***Support to build a strategic outlook***

***Enhanced local Collaboration***

***Assistance with local and international marketing & engagement***



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# Stage 2 – Completing the Project

## NEXT STEPS

**As we complete this research phase we will be in conversation with our Stakeholder Advisory Group to identify new regional initiatives**

### **Complete In-depth interviews**

- Refine questions based on outcomes from this summit
- Recruit further 30+ firms across all Hunter manufacturing sectors and locations

### **Analysis of results**

- Ongoing collaboration with our Stakeholder Advisory Group
- Development of new regional initiatives

### **Presentation of outcomes**

- Hunter Research Foundation November economic breakfast
- Feedback session for interviewees

### **Tracking the outcomes**

- Ongoing monitoring of economic situation and impact
- Join our Hunter manufacturers conversation – LinkedIn, surveys, etc.



# Stage 2 – Completing the Project

NEXT STEPS

We will use LinkedIn as a platform to support conversations associated with this project .. please join us!

in Search groups...

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## Hunter Manufacturing

23 members Member

Discussions Promotions Jobs Members Search Manage

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# HUNTER MANUFACTURING

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**Interesting quote today "Be super smart or super cheap" sounds like the former is the way to go in the Hunter.**  
Heidi Alexandra Pollard [Company Culture Architect](#)  
CEO at UQ Power & University Lecturer in MBA Program, UON  
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Kim Britton Totally agree Heidi. Innes Willox and other speakers at the Future for Hunter Manufacturing named several Hunter manufacturers who are doing

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# In Summary

- **National and international factors are impacting Hunter manufacturers**
- **HRF research to identify barriers and new mechanisms to support performance**
  - Information seeking
  - Innovation
  - Human capital development
  - Access to capital
  - Leadership and culture
- **Collaboration with key stakeholders to develop regional initiatives**
- **Ongoing evaluation of effectiveness**



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INSIGHTS THAT MOVE THE HUNTER REGION FORWARD

Thank you