

Co-creation can help our companies compete with global giants

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Australia needs to start a conversation about “co-creation”. We live in a world where giants like the US and China lock horns over innovation. It’s a world where the value of a product lies much more in its intangible inputs – such as ingenuity – than in labour or capital.

Lack of scale means Australian businesses are vulnerable in a world of giants. It can also mean the commercial rewards for local innovation haemorrhage offshore.

Co-creation is a business strategy that gives our companies a tilt at scale. The strategy essentially involves co-opting customer and stakeholder know-how to create commercial success. This means working with organisations outside the business: universities, research organisations, other businesses.

Read more: [Australian industry must shift its narrow approach to innovation](#)

Co-creation can help Australian companies compete in a world where the biggest companies are bigger than many countries. On a [list of the world’s biggest economic entities](#), Walmart is tenth after Canada. [Apple and BP](#) report revenues bigger than those of Switzerland, Norway and Russia. Amazon [invests more in research and development than all Australian businesses combined](#).

In contrast, [Australian Bureau of Statistics data](#) show that large businesses (employing over 200 people) represent just 0.5 % of all employing businesses in Australia. Small businesses (1-19 employees) account for 93.5%. The remaining 6% are medium-sized (20-199 employees).

Australia does have a highly educated, urbanised and digitally connected workforce. This means we are well positioned to take advantage of global opportunities – and we are ambitious.

But the limited size of most of our companies presents us with a serious challenge. Company scale is often the ballast needed to weather the storms of global unpredictability.

This is where co-creation can make a difference.

Read more: [A thinking country's guide to competing on the global stage](#)

So what exactly is co-creation?

Prahalad and Ramaswamy [defined co-creation](#) as “the joint creation of value by the

company and the customer”“.

Long-term business-to-business relationships often lead to co-creation. For example, Marand, a Melbourne aerospace manufacturing success story, has contributed innovations to the F-35 Strike Fighter, a global project led by US giant Lockheed Martin. Another Melbourne manufacturer, Textor Technologies, similarly contributes innovations to its major customer, Kimberley Clark. And the co-creating is often reciprocal.

As a deputy vice-chancellor responsible for my institution’s research, innovation and impact agenda, I am interested in just such a journey, in co-creating with our stakeholders, with industry and with the broader Australian community. We are co-creating work-capable adaptive learners. This means they are equipped with the skills and capabilities to succeed in an inexact future shaped by the Fourth Industrial Revolution.

A recent example at Swinburne is the co-creation and co-delivery of advanced apprenticeships for industry. We are working alongside companies up and down the value chain (facilitated by Siemens and the Australian Industry Group) to develop the skills and capabilities that industry will need ten and 20 years from now.

The industry-embedded PhD by Practice research training model represents a new frontier in applied research, based on co-creation. This research program is co-designed and implemented through deep partnership with industry. Students undertaking higher degrees by research are embedded in a high-value-add, practice-based industry environment. Industry experts and university researchers co-supervise them.

Research students work on real challenges embedded in industry, producing tangible outcomes with impact. This approach has the capacity to transform industries through research-led innovation and translation in situ. The model is about ensuring our best minds deliver impact for society and the economy.

New frontiers in research and innovation – unexplored areas outside the partners’ respective comfort zones – represent fertile ground for co-creation.

One example involves developing a new blockchain technology platform in partnership with an innovative new company, Artchain Global. This could revolutionise the global art trade by ensuring the origins of artworks can be authenticated. Art fraud and the barriers to authenticating the provenance of art have plagued artists, collectors and galleries throughout history.

Read more: KodakOne could be the start of a new kind of intellectual property

Co-creation has allowed my teams to embark on a journey with a wide range of stakeholders, including the company, investors, artists, art collectors and finance analysts. The project would arguably not be possible if any of us worked in isolation.

Now to make co-creation a national practice

Traditionally, companies in Australia have tended to work in isolation. Now the boundaries are blurring. When businesses have been willing to work with different parties to create products and services, they have reaped enormous rewards.

Companies from Silicon Valley approach me regularly. They want to know how we can co-invest in joint R&D initiatives – share the risks and the rewards with them, in other words. We are embedded now in Silicon Valley with our partner CSIRO embracing this co-creation and co-investment model focused on research-led innovation and translation.

Australia needs to do the same. Easier said than done, right?

A huge transformation is required in the 2020s to build Australia's advanced capabilities. Australian companies of all sizes must be willing to take large steps into the unknown if they are to prosper.

A new model based on co-creation is essential if we are to achieve the hoped-for social and economic impacts. This calls for more strategic alignment with industry and community priorities, especially at a time of reduced business investment in research and development in Australia.

Partnering with a university might seem daunting, but I can assure you it is easy. Let's start the conversation about co-creation.