



## Achieving More Together

Australian-based defence Primes and their supply chains do not have the capacity to work with thousands of small Australian firms.

Faced with the threat of losing billions of dollars of contracts to established overseas networks, the DTC is helping Australian companies to form – and formalise – new alliances or teams.

“Just because you're an SME doesn't mean that you are entirely locked out of these significant opportunities,” said Dematec Automation CEO, David Hart.

“Attending the DTC workshop and hearing about how Nova Systems, QinetiQ and PwC work together helped me to get a better understanding of how collaborating can unlock opportunities.”

This led to Dematec and Smart Fabrication (Smart Fab) working with the DTC to develop a formal Memorandum of Understanding (MoU) which was signed in mid-August.

Dematec Automation is an engineering and design company that builds control systems for major projects. It has developed a platform for sensors and monitoring devices that can assist manufacturing companies to become more advanced in their industrial processes. Smart Fab is a dynamic engineering and specialist steel fabrication company. Its core business is the planning, design, construction and installation of a wide range of metal fabrication products.

Both companies have been through the DTC's collaboration program. The DTC also provides advice and a variety of tools to assist the process, as well as articulating what companies need in place to be eligible for defence contracts. Through a partnership with Jones Harley Toole (JHT), the DTC has developed a suite of legal documents and

frameworks which support companies in coming together and collaborating for mutual benefit. The document suite has been developed with SMEs in mind from the outset, where the two organisations have worked hand-in-hand to ensure that the documents are written in plain English and kept as short as possible.

“The fact that DTC offers documentation, the MoU framework and brings things such as the ISO 44001 standard to the table helps step you through a process,” said David.

“However, there's a lot of value in getting experienced facilitation. We could have sat there tearing our hair out and trying to work through the template but a knowledgeable facilitator can pull you through the process and drag you out of the rabbit hole if you're obsessing over some minor detail that really doesn't matter.”

While Smart Fab and Dematec have worked together informally in the past, the MoU provides the basis to be more proactive.

First, however, the relationship must extend beyond the two executive teams, to build relationships between the organisations.

“Collaboration is a great way to amplify the capabilities of our organisation by finding other likeminded companies that share similar values and aspirations that we can work with. In that way, the whole can be better than the sum of the parts,” said David Hart.

“It's critical that the teams have an opportunity to meet each other and get a little bit more understanding of what each other do.

“But at the executive level I think we need to start looking at opportunities that we can immediately start to leverage from each other's client books that we haven't been able to service before. There's probably some low hanging fruit where we can get started on some initiatives relatively quickly.



(L-R) Margot Forster (CEO, Defence Teaming Centre), Simon Kennedy (MD, Smart Fabrication), Mark Stevens (Director of Finance, Marketing & Governance, Dematec Group) and David Hart (CEO, Dematec Group).

To deliver on the Federal Government's \$200bn Defence spend over the next decade and develop a sovereign industry base, Australia needs more medium-sized businesses. Medium-sized businesses reduce risk to Prime defence contractors and make the decision to choose an Australian company over an overseas incumbent supplier, much easier.

Yet small business makes up as much as 98% of all firms in some States. Inter-firm collaboration is one approach to "create" medium-sized companies, or teams of small companies which upon forming a team, have similar characteristics to a medium-sized business.

The DTC program "Achieving More Together – A Deep Dive into Inter-Firm Collaboration" explores the types of behaviours, culture and frameworks that are conducive to successful collaboration.

The program was presented by David Pender, Principal of Knowledge Perspectives and Adjunct Senior Lecturer at the Adelaide University Business School.



"Then we can be a lot more strategic. For example, if a potential project comes up where we don't have the capability to fulfill it all, we need to go and find someone to work with to go and address it.

"It's also about being a bit more aspirational and saying we're an SME of 20 people in our own right and we can only grab a very small segment of the defence work off the back of our resources and our own capability. Can we work with others who share similar values and aspirations to access opportunities that would otherwise not be present?"

The words "relationship" and "values" are common themes.

David firmly believes, "the relationship is key to it all".

"It is generally better if the relationship precedes the formalities," he said.

"The formalities are probably more about a commitment to set aside the time and resources to properly understand what both organisations do and to actually strategically target opportunities out of it.

"It might be like getting married, where you've been in a relationship and the marriage ceremony is when everyone comes together and sees the commitment."

#### THE FUTURE

"The next step will be going along to the DTC webinar on ISO 44001 (collaborative business relationship management systems).

"And that's where organisations like the Defence Teaming Center are important. You're bringing together a whole lot of organisations who have the potential to collaborate but until you've formed those relationships and understood who some of these other businesses are then it's pretty hard to even get started.

"So, I think continuing down that path is something that we'll certainly do, and we'll have to also look at our internal capabilities and the areas that we don't have core competencies in or we don't have partners that have core competencies to see if there are gaps that are holding us back.

"We're also not particularly good at marketing ourselves. If even our long-term customers don't understand the full scope of what we do, then the chances are that businesses in the Adelaide landscape certainly don't, or they might have a certain perception.

"So, I think it's an important process to get that information out there."

The DTC workshops raise challenging items for discussion, but few are more confronting than the idea of collaborating with competitors in order to achieve capacity.

"Collaborating for scale rather than scope was one aspect I hadn't really considered.

I guess it would be challenging to get that level of trust right at the outset to have a mutual understanding of what this means, how it's going to be executed and how that would roll out over time," he said.

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