




Investing in research and development as a counter-recessionary measure

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Australian Institute of Health Innovation's mission

Our mission is to enhance local, institutional and international health system decision-making through evidence; and use systems sciences and translational approaches to provide innovative, evidence-based solutions to specified health care delivery problems.

<http://www.med.unsw.edu.au/medweb.nsf/page/ihi>





Background - the Centre

*The Centre for Clinical Governance Research undertakes **strategic research, evaluations and research-based projects** of national and international standing with a core interest to **investigate health sector issues of policy, culture, systems, governance and leadership.***

<http://www.med.unsw.edu.au/medweb.nsf/page/ClinGov>About>


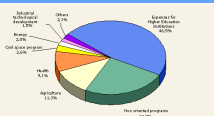






Presenter

- Professor Jeffrey Braithwaite
- Professor and Director, Centre for Clinical Governance Research
- Foundation Professor and Director, Australian Institute of Health Innovation
- University of New South Wales, Sydney, Australia










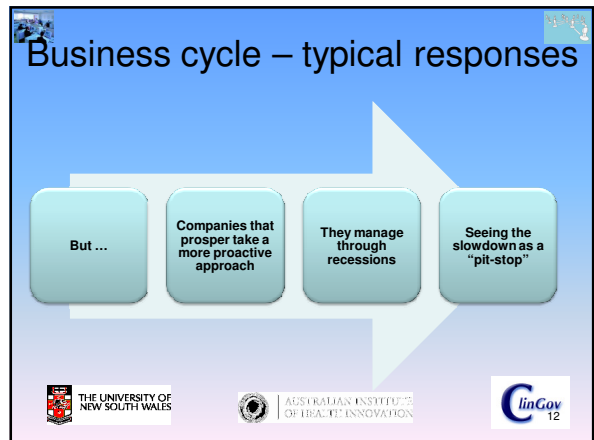
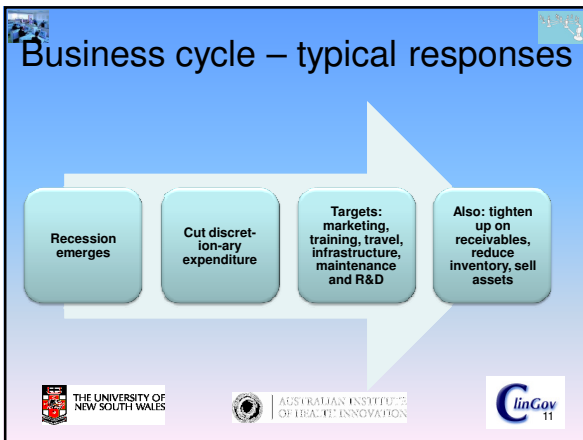
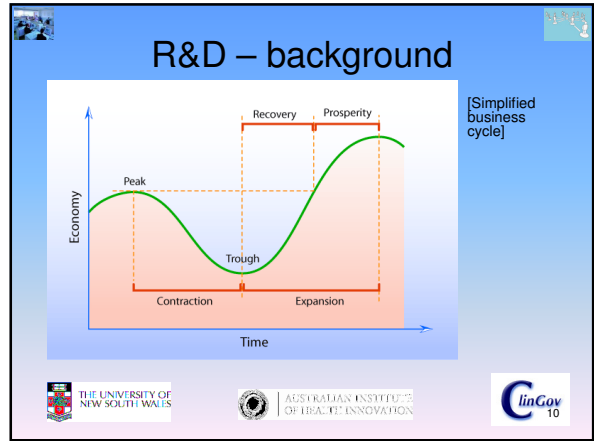
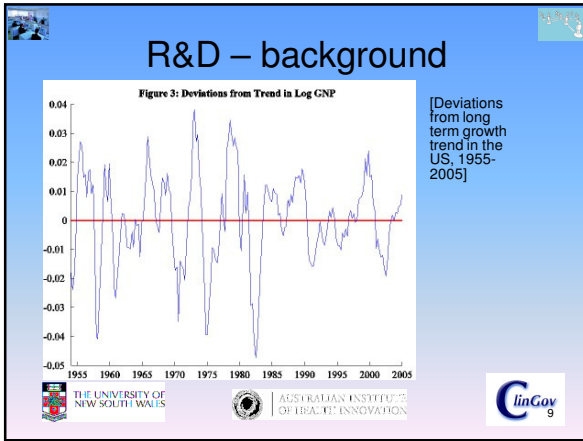
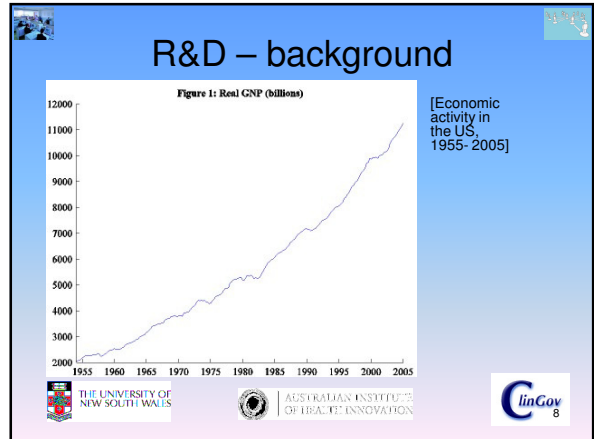
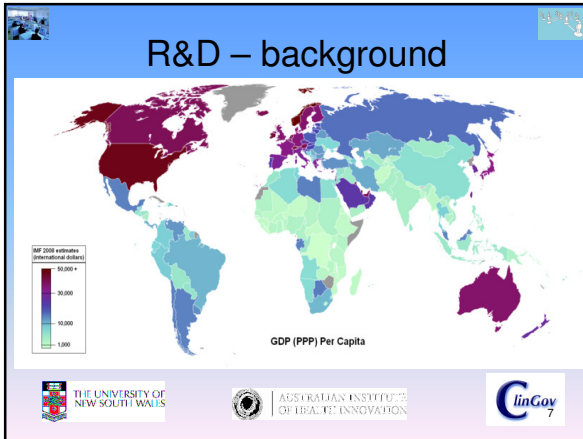
PART A: what is the purpose of research and development?


R&D – background

- Broad definition
- “... *creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of [humans], culture and society, and the use of this stock of knowledge to devise new applications*” [OECD, 2009]





PART B: the pit-stop approach



Pit stop approach

- Recession is a chance to rethink the future and ensure that the organisation or system is geared up to achieve future goals
- It's like the pit stop in grand prix racing
- Designed to keep things on track [Economist, 2009]



Pit stop check: five key areas

- Rethinking business models
- Investing in infrastructure, R&D and people
- Continued focus on innovation, collaboration and sustainability
- Finding new ways or markets
- Communicating with stakeholders



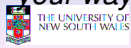
Pit stop examples

- Apple's iPod launch in the US 2001 recession
 - Different business model – the iTunes store
 - And a product built on the basis of R&D



Pit stop arguments

- It may seem counterintuitive to spend money when everyone else is focusing on cutting costs
- But a countercyclical approach often pays dividends
- Gordon Moore, one of Intel's founders, once said: *"You can't save your way out of a recession."*



Pit stop arguments

- Walt Disney Corporation launched in a recession
- Of the 30 companies on the Dow Jones industrial index, 16 started in a downturn
- So did products like the iPod, Sellotape and Monopoly



Pit stop arguments

- These household names launched in tough times
 - General Electric
 - Kodak
 - Hewlett Packard
 - Microsoft
 - Burger King







PART C: conclusion






Conclusion

- So that's about past recessions
- The current recession has not ended
- Does my general proposal still apply?
- Yes it does
- These companies are doing well, and behaving counter-cyclically, investing in R&D






Conclusion




McDonald's

- New products and services
- Revamping IT






ASDA

- Building new stores
- Hiring new people






IBM

- Hosting a series of staff 'innovation jams'
- I.e. to generate new ideas

Conclusion

- Shouldn't you be doing the same?

Selected references

Braithwaite J, Runciman WB, Merry A. Towards safer, better healthcare: harnessing the natural properties of complex sociotechnical systems. *Quality and Safety in Health Care* 2009; 18: 37-41.

The Economist. *Taking advantage of the pit stop – how to prosper in a recession. A report from the Economist Intelligence Unit.* London: The Economist, 2009.

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