

OCCASIONAL ADDRESS – PETER SMITH

30 MARCH 2010

Chancellor, my sincere thanks for this honour, but it is entirely unnecessary. Of my many voluntary activities (my family might say too many), my association with UniSA has been one of the most satisfying and rewarding.

Let me say, however, this Occasional Address comes at an unexpected cost. I was rehearsing it while driving recently, and got a little too heavy on both the enthusiasm and the accelerator. I can now tell you that the cost of rehearsing an Occasional Address at more than ten kilometres above the speed limit is \$220 and one Demerit Point!

To the Graduands - it is traditional for Occasional Speakers to give good advice based on their own careers. Perhaps I shouldn't, because my career has been nothing like my original goals and ambitions. I had no idea I was going to finish up where I have, so should I give you career advice?

Well, in fact, it has been far beyond my expectations – much more interesting, exciting, diverse and rewarding.

But it has been punctuated by moments of PANIC at the thought that a former Queensland country kid could give strategic advice to senior politicians and international business leaders, AND be listened to.

So - what lessons might come from a career based on the first two words of the Hitchhiker's Guide to the Galaxy, which are, of course – "DON'T PANIC!"?

As this is a Business and Management graduation, I'll focus on the period of my career when I went from worried Graduan to chief strategist for Australia's multi-billion dollar aerospace exports.

I'll start where you Graduands are today, at my first graduation ceremony, having the first of many "DON'T PANIC" moments.

There I sat, after four years of reasonably hard study, having doubts about my choice of career. I was always (and still am) afflicted by a passion for aviation. Specifically, for the art and science of designing and building aeroplanes. So naturally, I'd done an Aeronautical Engineering degree.

By the time I collected my degree I'd was working as a design engineer with an small Agricultural Aircraft manufacturer, and had come to two conclusions – the first was that I wasn't going to be a great engineer, and the second was that engineers got told what to do by others, and I wanted to be one of the tellers, not one of the doers.

Significantly, I'd already gone off on a tangent looking at the economics of Ag Aircraft manufacture, which led me to two further conclusions – first that if I wanted to be a teller I needed to understand how businesses develop, and **second**, and more immediately relevant, that the company I was working for was going to go broke. Reasonable basis for a "DON'T PANIC" moment?

In fact, this "DON'T PANIC" moment led to two career changing decisions.

The first was to go back to University to do an Economics Degree part time to complement the Engineering one, and the second was to find a job somewhere else as quickly as possible!

I'd now like to introduce the concept of "Central Narrative", a concept I picked up from Greg Combet recently – how to tie key issues together into a coherent strategy, if retrospectively .

Central Narrative Point One – if you think you've got it wrong in career terms, do something positive, and hopefully strategic, to fix your future.

There weren't MBAs or Business Degrees in those distant days, and I have to say that the lack of rigour in the Economics elements of my second degree gave me another "DON'T PANIC" moment. I started to wonder whether I was wasting four years of part time study on economic witchcraft.

Herman Black, told me to ignore the theories and understand the underlying dynamics of world economies. Good advice.

Back on the career front, I decided to trust my judgement and leave both Engineering and my Ag Aircraft firm for something more promising, and moved to Hawker de Havilland in a Project role.

This was one of the "Big Three" of military aircraft manufacturers in Australia in the late 1960s, with a history of manufacturing Air Force aircraft since the 1940s. What could be better for an ambitious lad? First rung of the ladder in a company with great stability? – perfect (you can guess, of course, that there's another "DON'T PANIC moment coming!).

But it was about this point that further strategic logic strengthened the links between my work and my studies. I was developing a Central Narrative for my career.

I had to choose a second Major for my Economics degree, and as the Australian aircraft industry was essentially the product of

Government policy, I opted for a Political Science major to understand the processes of Government. Good choice.

Almost without realising it, I'd arrived at **Central Narrative Point Two – Get it together - if you want to be part of the Big Picture, you need to understand its fundamentals and develop an appropriate intellectual framework to work with.**

Let's move on to the next "DON'T PANIC" moment, and it wasn't just for me, but for the entire Australian aircraft industry, when the end of the world suddenly arrived.

The military didn't need any more aircraft. We'd built all they needed, and for at least a decade, that was that. I had just got my first management job, and somebody pulled the rug out from under the entire industry!

But there was a glimmer of hope. In desperation, Australia adopted a Civil Offsets Policy requiring the overseas airliner manufacturers to offset their sales by placing work in the Australian aircraft industry.

It was, of course, counter to every international GATT treaty, but so what? Everybody else did it.

Remember, though, that the Australian aircraft industry had existed on cost-plus contracts from a generous Government. How on earth was it going to be competitive??

Nobody knew, but HDH decided it needed fresh approaches to a new marketplace, and they found they had a brand new manager who had an engineering degree, an economics degree, and an understanding of government policies. Bingo!

Through my studies, I had inadvertently prepared myself for a job that hadn't previously existed – that of international aerospace strategist and negotiator.

And I revelled in this new role. – it allowed me to use all my skills, my education and my passion for aviation, and HDH and I successfully started into international aerospace.

Central Narrative Point Three – Don't Panic - Expect the Unexpected, act with enthusiasm, not trepidation, and understand your strengths as well as your weaknesses.

In its first phase of internationalisation, HDH relied on the traditional manufacturing technologies it had used for military aircraft manufacture, “tin bashing” to other people's designs. We were quite good at it, and life was good for a few years until the next “DON'T PANIC” moment.

Fortunately, we saw it coming, because by then we were beginning to understand the dynamics of international aerospace manufacturing, and actively predicting world developments.

The emerging threat we saw was developing nations, particularly in Asia, growing infant aerospace industries as a matter of national prestige, and they had very low labour rates and Government subsidies. We were vulnerable.

Solution – oversimplified – if labour rates are your problem, reduce their importance. So we did, adopting advanced manufacturing technologies which required a level of technological sophistication and skills beyond any of the emerging Asian nations; we used technology and education instead of labour.

Central Narrative Point Four – if you want to play in a global market, you need to understand its essential dynamics, and develop multi-phase strategies to be ahead of the crowd. And there are very few Australian markets which aren't going global.

After a while we got rather good at this strategic projection – as the developing nations started to acquire the same advanced manufacturing technologies as us, rather than switch on the “DON'T PANIC” sign we used our experience to start actually designing better structures as well as building them. Our customers recognised us as world's best practice, and we became preferred partners in new projects.

When our developing nation competitors reacted by sending students to be trained here and in the USA to match our design skills, the “DON'T PANIC” sign stayed off because we had our next strategy ready.

We developed, with the help of various Universities, a highly focussed Co-operative Research Centre in Aerospace Structures so that we got it all together - a vertically integrated national industry, going all the way from R&D through design to thirty years of sole source, continuous manufacture of some very sophisticated and expensive hardware for literally thousands of airliners, and that provided thousands of clever jobs and billions of dollars in continuing exports.

So to my final Central Narrative Point – Australia and Australians can be the very best in the world, even in cutting edge industries like Aerospace. It requires highly developed, multi-phase strategies that integrate advanced technologies, globally competitive business practices, and a passionate desire to be the best.

In summary, not the career I expected, but I hope you agree it demonstrates the benefits of a university education, particularly a diverse one which, in total, builds a framework for developing the Central Narrative of your careers.

To all you Graduands, you are fortunate to be graduating from University of South Australia.

It is a university which understands the imperatives of excellence, and of global best practice, and how to develop them.

As the Vice Chancellor will remind you later today, you have been prepared for professional careers in which you can help achieve important national and social goals as well as personal satisfaction and reward.

I wish you all well in developing the Central Narratives of your future career, and hope your journey is as exciting and satisfying as mine.

Thank you.