

The challenges of manufacturing innovative products in Australia

Australian companies have proven that they can excel in the high-tech manufacturing of innovative products – but there are some inevitable challenges along the way. In this AIRG Innovation Insight, Chris Barbé, CEO of an innovative manufacturing startup, shares his experiences.

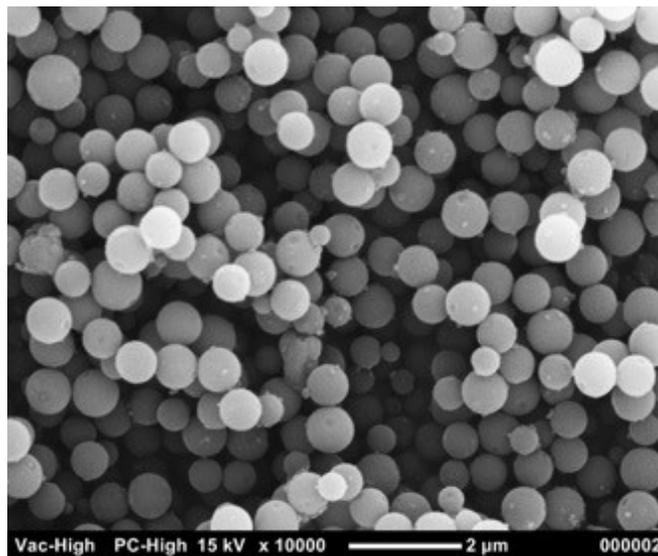


BY CHRIS BARBÉ,
CEO OF CERAMISPHERE

The tyranny of distance

Manufacturing from Australia can be logistically difficult, because ordering chemicals in Australia requires advance planning. A chemical which takes one week to be delivered in Europe or the US will take anywhere from one month to five months to be delivered to Australia.

Distance also impacts our ability to engage current and potential customers. No matter how flexible you are with time differences and communication technologies like Skype, nothing can replace meeting in person. I usually travel to Europe and the US multiple times each year, and we've developed a distribution network so we can be in our customer's spaces at the right times.



Nonetheless, the biggest impact of manufacturing from Australia is psychological. I've had potential customers tell me that if Ceramisphere were geographically closer, they would engage us without hesitation. Clearly, there is

still a genuine psychological barrier that can potentially prevent people working with organisations on the other side of the earth.

CERAMISPHERE IS AN AUSTRALIAN COMPANY THAT USES PROPRIETARY ENCAPSULATION AND CONTROLLED RELEASE TECHNOLOGY TO PROVIDE SOLUTIONS TO GLOBAL HEALTHCARE AND INDUSTRIAL CLIENTS. OUR PRODUCTS ARE HIGHLY COMPLEX MATERIALS, BUT OUR MANUFACTURING PROCESS IS RELATIVELY SIMPLE. IN OTHER WORDS, OUR INNOVATION IS IN THE CHEMISTRY, RATHER THAN IN THE PROCESS USED TO PRODUCE IT — AT LEAST AT PRESENT. THAT'S BECAUSE WE MADE A KEY DECISION EARLY IN THE LIFE OF OUR BUSINESS TO RETAIN COMPLETE CONTROL OF OUR IP, RATHER THAN LICENSING IT, WHICH MEANT WE HAD TO SCALE UP AND DO THE MANUFACTURING OURSELVES. AS A RESULT, WE MANUFACTURE OUR PRODUCTS USING A BATCH PROCESS WITH SIMPLE, OFF-THE-SHELF CHEMICAL MANUFACTURING EQUIPMENT. SOME PARTS OF THE PROCESS ARE AUTOMATED, BUT NOT ALL.

HOWEVER, WE STILL FACE SIGNIFICANT CHALLENGES AS AN AUSTRALIAN-BASED MANUFACTURER, ESPECIALLY WHEN IT COMES TO SERVICING A GLOBAL CLIENT BASE.

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A reputation for quality

Despite these logistical and psychological barriers, I remain a firm proponent of manufacturing in Australia. As a country rich in both mineral and intellectual resources, the logic of transforming our assets into higher value products, rather than simply exporting them, is compelling. And while our labour costs are high, the growing accessibility of automated manufacturing techniques has made it increasingly easy to produce high-tech manufactures at an attractive price point.

There's proof that it works, and that Australian companies with global clients do very well when they manufacture in Australia. For example, Australian-manufactured health supplement or food products sell very well in key markets like China, where consumers recognise that Australian goods are high quality.

When proximity matters

Nonetheless, it is still possible that Ceramisphere may establish production in Europe and the US at some stage in the future — not to reduce costs or operate in a less regulated environment, but purely for logistical reasons. Across industries, customers increasingly expect responsive delivery on demand, which is not always possible when shipping products around the world. Although longer shipping times have proved acceptable while volumes remain small, it's clear that in the near future our customers will want a constant supply of larger volumes, forcing us to adapt.

Building a global client base

Overall, my recommendations for Australian manufacturers looking to build a global client base are threefold:

- Firstly, invest in developing a unique product that will help customers over the psychological hurdle of not working with businesses local to them.
- Secondly, be willing to travel regularly and have regular face-to-face contact with your customers, even if your company has a presence via distributors in each location.
- Finally, be psychologically flexible and patient, with a willingness to understand how to adapt to different business cultures around the world.

Industry groups like AIRG can help with insights around the challenges of high-tech manufacturing in Australia. I am proud to be a member because I'm committed to helping grow our innovation culture.

[You can find out more about these and other member engagement activities online.](#)

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