

## News Release

For release: Tuesday, 2 October 2018

### **Investment in innovation driving higher returns (+ [video](#))**

Manufacturers who invest in innovation – which could be a new product, a new service, new data systems or technology, or a change in the way they run their business - can have significant productivity gains over those that don't, according to new research by ANZ.

The research looked at 49 manufacturers that had received Government co-funding grants for R&D activities through Callaghan Innovation. They were benchmarked against 504 other businesses operating in the same sectors.

The 49 firms generated a median Return on Invested Capital (ROIC) over four years of 14.1%, compared to 10.9% for the control group of 504 businesses. They also grew sales revenue faster, achieving a median result of +9.3% per annum relative to the control group at +6.4%.

"The research shows that companies who decide to invest in innovation can be rewarded by gains in productivity," said ANZ Commercial & Agri General Manager Penny Ford.

"New Zealand's competitors are embracing change and investing in innovation. So it is important we also think differently about how we drive our future growth.

"If we don't act New Zealand risks sliding further down the global productivity rankings. Moreover, New Zealand businesses will find it harder to compete."

The research is contained in Innovation and Productivity, a report ANZ has released to challenge existing business practices and stimulate thought on how New Zealand can lift productivity levels.

"A key driver to lift productivity is to embrace technological change and invest in processes, R&D and technologies," said Ms Ford.

"We understand that innovation can seem risky and a big leap for some businesses. But we believe it is something to be encouraged.

"We are seeing great examples of New Zealand businesses that have invested in innovation and, as a result, are recognising significant productivity gains over those that haven't."

#### **Civic Contractor - An Innovation journey**

While the report highlights the importance of Callaghan Innovation grants in investment into innovation, ANZ also recognises that many other firms are innovating as well.

A good example is Civic Contractors, a New Zealand-owned business that is constantly innovating – through investment in new equipment (such as electric vehicles and smart bins), and the use of data and analytics.

"We have made a significant investment in technology and data. It has completely changed the way we run our business," said Managing Director Bjorn Revfeim.

Civic is trialling sensors in bins, public facilities and drains to understand usage of assets. This allows Civic to more efficiently service facilities across different locations.

"The sensors let us know when the bins need emptying. Using data from the bins means that a 165-kilometre round trip that used to happen six days a week, can now be done just two days a week," said Mr Revfeim.

"That helps ease congestion, and even better, using an electric truck means we are saving on fuel and road user charges."

For Civic Contractors, continuous research and development has set them apart as innovators, and while they are seeing productivity gains now, a lot is still to be realised.

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A video about Civic Contractors can be found [here](#).

The full ANZ Innovation and Productivity report can be found [here](#).