'DRIVING BIRMINGAM'S KNOWLEDGE ECONOMY & ROLE OF SELF-INTERESTED ALTRUISM' DAVID HARDMAN, CEO INNOVATION BIRMINGHAM

LUNAR SOCIETY BUSINESS BREAKFAST, 3 OCTOBER 2017, 7.30-9.00 am

David Hardman, Chief Executive of Innovation Birmingham, spoke to an audience of about 20 Lunar Society members and guests over breakfast at The Alchemist on Colmore Row. This was followed by a discussion session, compered by Alan Wenban-Smith.

Introduction

The context

In his recent Boulton & Watt Lecture Will Hutton warned that the 'North Star' of purpose is the hallmark of great companies; but that UK company law prioritises the pursuit of shareholder value. This has led to 'ownerless corporations' lacking a sense of direction and inter-company relationships based on a network of contracts rather than vision. He had flagged the significance of innovation and digitalisation to Birmingham's future, in particular how creating IP is overtaking 'making kit' as the key economic activity. As CEO of what is now Innovation Birmingham (previously Aston Science Park), David's first job had been to prevent its pre-emption by businesses that paid the rent but were not innovative.

Places must have a reason to be where they are, and Birmingham's industrial past no longer provides that. 'Self-interested altruism' is a key to creating the new competencies and skills needed for the future. To 'catalyse action' on this would be consistent with the Lunar Society's mission, and a return to its enlightenment roots.

The challenges

- Governments have focused on the generation of ideas in Universities, but there is a 10-15 year gap before products appear in the marketplace. Innovation is about filling this gap; it is private businesses that are best at this (eg the JLR supply chain).
- Birmingham's public image is dominated by public sector bad news, rather than business good news: eg the Binding Site employs 500 in biotech and SCC is the largest private sector IT company in Europe.
- Cities have the advantages of scale, variety and concentration of people and businesses, so easy communications should drive faster change (James Burke 'Connections' (1972)). Modern Birmingham does not play to its size:
  - o Its potential is fragmented by silos (eg BU's Research Park focus on life sciences and Innovation Birmingham on digital – but not communicating effectively).
  - o Communication to support innovation requires effort, but digitalisation should make this easier. Positive stories about successes could make a real contribution.
  - o Lots of innovators, but far fewer entrepreneurs (compared with original LS, or with modern Cambridge). Birmingham has a high rate of start-ups (14,000 pa), but as is the case across the UK only 20% actually employ people (and many represent disguised unemployment).
- Artificial Intelligence (AI) will blur sectors (car → computer on wheels), displace much present employment, and change the role of place and communications. This is a greater risk than Brexit (eg it is likely to make the assumptions behind much property development obsolete).
- 65% of children at school now will do jobs that don't exist today. Education must equip young people with higher level competencies, enabling them utlilise their innate digital capabilities). Future financial sector growth is limited, so Midlands Engine should prioritise apprenticeships in the competencies needed for 'making stuff'.

The role of self-interested altruism

- Digital is a democratising tool.
- Public sector dominates the communications spaces and institutions of Birmingham. A business and technology leaders' 'room' is needed to bring together (eg) inventors and funders, policy-makers and facilitators, champions and communicators, and requires them to act in spirit of self-interested altruism.
- The original LS set an example in 18th Century, followed by Chamberlain, Cadburys and others in 19th and 20th. Where are today's self-interested altruists? Who would we put on the plinth on Broad Street to stand alongside Boulton, Watt and Murdoch? Could a Lunar Society 2.0 help overcome Birmingham's limitations, and promote real growth in the city's knowledge economy?

Discussion: A lively discussion followed, with the following points being raised and responded to by David:

- How could a culture of innovation be developed in Birmingham? DH thought the key was spaces like those in Silicon Valley where there is potential for millionaires to meet innovators, see their ideas and put money into new businesses. But equally need a culture of candour, to kill off bad ideas.
- Why it is so difficult to scale up even a successful venture? DH agreed: banks are not the source of such early growth funding. The need is for venture capital, not loan funding. Maybe need a levy on AI; not in a Luddite spirit, but to create such a fund, and also to support creative alternatives to conventional work more widely.
- Why has Manchester been more successful than Birmingham in creative/innovative businesses? DH suggested (a) far enough from London to be independent; (b) stable leadership at city-region level; (c) messaging – better at selling themselves.
- Were people trying to take their money out too quickly? DH pointed to the evidence that investors frequently force the pace by easing out innovators/founders, and UK company law does not prevent this (would the sale of ARM have been allowed in USA?).
- Why were universities and businesses not better at talking across sector boundaries? DH responded that while individual academics understand this need, Universities as institutions do not. Peer-to-peer business links often work much better, even when in competition, because of the benefits of collaboration are potentially much greater than the risk, subject to agreement about IP protection.
- Should Birmingham develop its own Cloud to keep IP in Birmingham? DH responded that there was already a software business – ProBrand – offering appropriate SAS, which might help meet some needs.

David expressed his willingness to host a visit to Innovation Birmingham to take the discussion forward.

Close

At 9.00 am Alan thanked David for his presentation, which had given us all food for thought – and action. He would circulate a note, and those present agreed to append a list of their names/contacts for following up.

Report by Alan Wenban-Smith,

15 October 2017