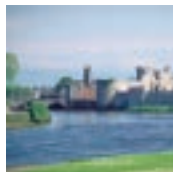


## Shannon: the go-zone



*Bringing a rural region into the knowledge economy*

Page 2

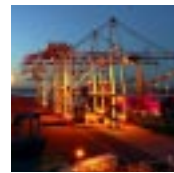
## Fast growth strategies



*Marketing by reverse engineering – how Endace achieved tenfold growth*

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## Tauranga's makeover



*How SmartGrowth is helping to create a smart economy*

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## Social entrepreneur



*The Arts Centre's Tony Paine on managing a cultural shopping mall*

Page 8

# Aviation cluster set to fly

## Manufacturing matters

FALLING exports, competitiveness hit by the rising dollar, layoffs, threats to shift production offshore – it's not looking good for manufacturing in New Zealand. Or is that the whole picture? David Penny, New Zealand Trade and Enterprise's point man on manufacturing, thinks not; he's seen it all before.

"There are always shifts in manufacturing," he says. "I was a manufacturer in the 1980s and 1990s, and we really had to fight for survival when the props were removed by the then Labour government. Lots of industries went to the wall – we stopped making cars, shoes, garments.

"But look at what's happened since then. Today we've got 400 manufacturers in the automotive industry, exporting to 97 countries. But they're different kinds of businesses – they're design-led, innovative and technology-based. So I'm not overly concerned about the future of manufacturing in this country."

In fact, says Penny, manufacturing is the bedrock of the New Zealand economy. The sector is a 15.4% contributor to GDP, it's grown by 49% since 1998 and it employs around 18% of the 1.6 million-strong workforce. Penny also points out that a further half a million New Zealanders are employed in manufacturing support industries. Plus, manufacturing is the largest investor in research and development behind the government.

"With 30% of our people involved in and around manufacturing, we as a nation have to make a decision on how to take the sector forward," says Penny. The key, he believes, is to think global, and move into more complex, value-added manufacturing.

The government is holding a series of forums to help thrash out a national manufacturing strategy, which Penny says should be unveiled by the end of the year. Waikato Management School will be involved, with dean Mike Pratt convening a vision development group.

"We just don't have the population numbers to grow our economy by 6% a year. We need to think about how we take our intellectual property and establish



CHOCKS AWAY: Paul Heberd with the PAC750XL

THINGS are humming at Pacific Aerospace Corporation (PAC). A yellow-primed wing section is manoeuvred out of a hangar – just one part of 12 new planes, each worth \$1.6 million, that will be delivered to customers worldwide before June.

The company, which produces light aircraft at its base near Hamilton airport, has taken on more than 100 new staff to meet demand for its flagship product, the PAC750XL.

The single-engined multi role aircraft is designed for the skydiving, passenger and freight markets. It is also used for aerial mapping and mineral exploration, and PAC says it's planning to customise further as the market requires.

"There's huge interest in our product," says PAC CEO Paul Heberd. "It's the first New Zealand designed and built aircraft to gain US Federal Aviation Administration Type Certification, and we have expressions of interest in the hundreds."

To meet demand, PAC is also now supplying kit aircraft for final assembly at its joint venture company in Canada.

Heberd says worldwide interest is

driving PAC to gear up its production facilities with investment in staff, tooling and plant.

Up the road, building is underway for a new factory which will turn out 100 new planes worth \$15 million a year in a deal between Hamilton-based Alpha Aviation and a French company. Alpha is now teeing up its suppliers.

And British company CTC Aviation Training has just opened a multimillion dollar training centre for airline pilots at Hamilton airport, with hangar facilities for maintaining 16 training planes. CTC Aviation Training holds contracts with several major airlines including an eight-year \$175 million deal with easyJet. The company currently has more than 60 UK pilots in the two-phase training process.

Meanwhile the Waikato Institute of Technology has launched a 20-week certificate in aeronautical engineering construction. Its first graduates are likely to be snapped up by labour-hungry manufacturers with overflowing order books.

It all adds up to a hive of industry.

And that's music to the ears of Graham Smith, CEO of the Waikato's new regional development agency, Katolyst. "It's a coup for the region," he says. "What we're putting in place here is an Australasian centre for light aircraft production and training.

"With PAC and Alpha already in place, we hope to attract other suppliers to plug gaps including aeronautical engineering, avionics and canopy manufacturing," says Smith.

To kickstart the process, Katolyst has just secured up to \$2 million from New Zealand Trade and Enterprise as seed funding to set up an aviation cluster.

"We've built 500 aircraft in the Waikato over the last 50 years so we're building on our existing strengths in light aircraft manufacturing," says Smith. "Our best way to futureproof this industry is to concentrate on what we're good at and collaborate to reduce the effects of scale."

For PAC CEO Paul Heberd, the proposed cluster should make it easier to attract suppliers, resources and skill bases. "Currently we source parts from all over

# Pilgrim's progress

YOU'LL find shrines tucked into almost every corner of Ireland, but Shannon Development in south-western Ireland would seem an odd sort of destination for a pilgrim. Yet scores of top-level Chinese delegations regularly make the long pilgrimage to see the original model for China's hugely successful Special Economic Zones.

"There's almost a spiritual connection," says Kevin Thompstone, CEO of Shannon Development. He's justly proud that the agency set up in 1959 to revitalise Shannon international airport became the driving force for inward investment into Ireland, and subsequently provided the blueprint for China's experiments with market economic reforms in the 1980s.

The experiment has paid off. China is now poised to be the world's biggest economic power; while Shannon Development has moved on from its original aim of attracting foreign inward investment to repositioning the region at the centre of a globalised knowledge economy.

"In the 1980s, Ireland was seen as an island off an island off the coast of Europe," remembers Thompstone. "What could we ever offer? But we were English speaking, with high quality education, with strong links to North America and a member of the European Union. And broadband has virtually eliminated distance.

"Nowadays we're competing with Silicon Valley, with London, New York and Singapore," says Thompstone. "And to be competitive, we need productivity and connectivity." It's Shannon Development's task to provide the vision to make those things happen.

The agency serves a largely agricultural area covering 10,000 square kilometres with 400,000 people. Since its inception 45 years ago, it has built up an impressive war chest, and current turnover is about 40 million euros, of which 5 million euros come from central government. The original free zone near Shannon International Airport is now home to 120 businesses, mainly in the aviation services and technology sectors, generating exports worth around 2.5 billion euros every year.

Thompstone stresses partnership as a crucial element in the equation. Shannon Development set up Ireland's first science and technology park, in partnership with the University of Limerick. "In order to create a chain of knowledge, we worked closely with the university to develop a long-term vision," says Thompstone. The park has attracted more than 80 multinational and Irish companies.

There's a Waikato connection too: Limerick and Waikato universities have a strategic alliance, collaborating on research, policy, programmes for business and educational programmes that accelerate an understanding of sustainable enterprise.

Thompstone says the challenge facing Shannon Development is to find concrete and tangible ways to make concepts like "the knowledge economy" relevant to people in the region. And that means outside the big towns. The agency's solution is to take the technology park model and apply it to smaller towns in the region.

In County Kerry, the town of Tralee (population 25,000) had seen inward investment in processing textiles and integrated circuit boards dwindle due to cost pressures over the past few years.

Says Thompstone, "The conventional wisdom was that you couldn't possibly set up globally competitive businesses in a place like Tralee. Well, we worked with the Institute of Technology Tralee to build the Kerry Technology Park on what was literally a greenfield site five years ago. Today, we've got 20 new start-ups employing 200 people in the park."



KEVIN THOMPSTONE: Productivity and connectivity

The Tralee model has now been extended to other towns in the region, all of which are now connected to Shannon Development's high-speed broadband knowledge network. And now the agency has come up with a new initiative, e-towns, which targets smaller villages with populations of 1,000 to 1,500.

Shannon Development also encompasses tourism. "We did some research to identify a product which would attract people to Shannon, and came up with a seaside golf course," says Thompstone. "We then carried out an international marketing campaign and sourced a US company, which came in with a \$150 million investment. That's the

equivalent of bringing in an Intel or Dell to the local community." The Doonbeg golf resort employs 150 people.

What Shannon Development has achieved shows that size isn't everything. "In some ways being small can be an advantage," says Thompstone. "You've got to get out there, fight harder, be imaginative and flexible. You do things bigger economies don't have to do to remain competitive in the global village."

[www.shannondev.ie](http://www.shannondev.ie)

Kevin Thompstone is a keynote speaker at Waikato Management School's Enterprise and Innovation Conference, 7-8 July 2005.

## COMMENT

# Taxation: definitely time for a change

FLAT taxes and expenditure (not income) taxes are the fairest, most cost-effective and environmentally friendly way to raise tax revenue.

When Slovakia adopted a 19% flat rate for income and corporate tax in 2004, its actual tax revenues increased 4.5% over the 2003 year to a level 30% higher than had been projected as a result of the change. In Russia, inflation-adjusted income tax receipts have increased by more than 80% in the three years since its adoption of a 13% flat rate income tax. It's evidence that flat income taxes may engender growth that progressive income taxes discourage.

Although theoretically appealing, economists know that it is impossible to fine-tune a progressive income tax to achieve "equal sacrifice" for different levels of income. Look at the United States: the US Federal Tax Code comprises 17,000 pages of rules and regulations in an attempt to define "income for tax purposes" and the collective cost of filing returns for the 131 million taxpayers is estimated at US\$130 billion annually.

So what's the alternative? All political parties want to see increased saving by New Zealanders so let us instead implement a tax system that gives people an incentive to save. By saving more and spending less, people can then freely and legally choose to pay less tax. And less consumption means less exploitation of the environment.

A simple alternative to the current New Zealand tax system would be to double the GST rate to 25% which equates to a 20% flat tax on total consumption subject to GST. That is all consumption except home rental and use of financial services. This means the effective income tax rate for NZ homeowners spending all they earn is 20%. The tax rate for full-spending home renters would be lower – less than 10% if more than half their income is spent on rent.

Unfortunately, an income tax would still be necessary. However, this should be at a flat rate for all income over a threshold of say \$20,000. That is, for all income earners and beneficiaries, the first \$20,000 would be exempt from income tax. Income above this threshold would be taxed at a single flat

rate around 20%. For about 60% of New Zealand citizens, the only tax they would pay would be GST. Conversely, tourists to NZ (perhaps the most intensive users of our country's most valued attractions) would pay twice as much tax as currently.

The incentives to work and save engendered by this revised tax system will raise annual growth rates by about 10% from current levels. For New Zealand's current GDP approaching \$150 billion and growth rate of 4%, this means an extra \$600 million of GDP and 5,000 full-time equivalent jobs annually, some of which would involve environment enhancing activity.

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A full version of Warren Hughes' comment appears in the May 2005 Waikato Regional Economic Bulletin, available by subscription from the School or in pdf form at [www.management.ac.nz/news](http://www.management.ac.nz/news)

Waikato Management School  
Te Raupapa

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**Sergio Arzeni**, head of the OECD's Local Economic and Employment Development Programme

**Kevin Thompstone**, chief executive of Shannon Development, Ireland's only dedicated regional development agency

**Jay Barney**, Bank One Chair for Excellence in Corporate Strategy at Ohio State University

**Where:** Waikato Stadium, Hamilton

**When:** 7th and 8th July, 2005

**E:** [enterprise2005@waikato.ac.nz](mailto:enterprise2005@waikato.ac.nz)

**T:** 07 838 4376

[www.enterprise2005.ac.nz](http://www.enterprise2005.ac.nz)

REGISTRATION: \$520 per delegate (includes welcome reception, conference pack, conference proceedings, conference dinner, and meals at the conference venue.)



# Making our way in the world

## Editorial: Dean Professor Mike Pratt

WHILE our green land continues to provide a sensational backdrop for our entrepreneurial efforts, there's a whole new message for the world out there: New Zealand, new thinking.

You'll have seen the adverts on television; it's part of a government initiative to highlight Kiwi innovation, creativity and technology – the attributes and products that New Zealanders and New Zealand business bring to the world.

Under the Brand New Zealand umbrella, businesses will be able to showcase their competitive edge, their point of difference in an increasingly cluttered global marketplace.

It's already struck a chord in the business community: earlier this year, delegates from the business, government and education sectors gathered in Auckland for the EMA-sponsored Go Global conference, aimed at helping businesses crack the global market. As facilitator for the day-long event, I loved hearing speaker after speaker share how their company or organisation had pressed home their own unique advantage on the world stage.

For jeweller Michael Hill it came down to dogged determination in a hostile market across the ditch. Today, his chain of jewellery shops in Australia drives the business. For

Craig Lieberman of 34 Degrees: Foods With Latitude, innovative products with a difference provide the competitive edge – he found American consumers relished novel New Zealand foods. For Stefan Preston of Bendon lingerie, research and securing the right advocates energised success in the highly discriminating US fashion industry.

What I noticed was how many successes we have from our traditional manufacturing base. We've grown used to dismissing the manufacturing sector as uncompetitive in the face of the burgeoning economic might of China and India, and there's no doubt the high dollar is hurting our exports. But the things we manufacture are part of our story, how we tell the world who we are.

We are a manufacturing nation. Look at the figures: manufacturing makes up more than 15% of our GDP – the US figure by comparison is 14%. It accounts for one in five jobs in New Zealand – in the United States, it's around one in ten.

In the past we were content to supply the milk, the cheese, the meat, the wool for others to add value through brand. But increasingly we're telling our story through our own manufactured brands – think of Untouched World, Orca and Fisher & Paykel.



MIKE PRATT

Our New Zealand stories combined with brand positioning give us powerful collateral which manufactured brands can leverage off. And with global demand rising for sustainable products, New Zealand's context, connections and creativity provide a unique springboard to bring these to the world.

I'm proud to be on the board of the newly-launched Katolyst, a regional

development agency which aims to put the Waikato on the global map. Katolyst will focus on developing industry clusters, such as the aviation cluster which has just won \$2 million in government funding. A significant aircraft manufacturing facility for the world right here in the Waikato is illustrative of the potential for novel, niche New Zealand manufacturing operations.

Manufacturing will continue to be the engine room of the New Zealand economy for years to come. Over the next few months I will be convening a high-level group of experts in manufacturing to develop a draft manufacturing vision and strategy for New Zealand on behalf of New Zealand Trade and Enterprise. I invite re:think readers to contribute ideas and commentary to this development.

A conference on New Zealand manufacturing will be held later in the year to share this thinking and seek further feedback, as a basis for formulating appropriate national policy initiatives and practical action.

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Comments and ideas to

[manufacturing@waikato.co.nz](mailto:manufacturing@waikato.co.nz)

## Aviation cluster set to fly From Page 1

New Zealand," he says. "From a logistical point of view, it would be good if they were available on our doorstep."

Heberd says PAC sees longer-term flow-on benefits from clustering in a number of areas. "Currently, we have to stand on our own two feet as regards design, new technologies, overseas sourcing and logistics. That doesn't always make good business sense. If we can share these resources across the group, then synergies are possible."

Katolyst's Graham Smith believes clustering is crucial for maintaining and growing export markets. "Right now, the technical push and the market pull is in balance – all these companies already have really good international networks," he says.

"But to get on the radar screen of the international market – and more than half of that market is in the US – you have to have scale. Clustering is one way to achieve that."

Smith says the critical first step is to build relationships across the industry, and that's already underway. The next stage is to hire a CEO and set up the cluster as a 100% owned subsidiary, along the same lines as Innovation Waikato. The role of the CEO will be to support the industry by helping to secure new market opportunities and enhance capabilities, by providing the synergy to let the group operate effectively.

Building on the Waikato's strengths in research and development, Smith says there's interest in developing new composite materials to reduce weight and improve fuel efficiency in aircraft. There's scope perhaps for leveraging off the marine industry where New Zealand already has a

reputation for design innovation.

Professor Thomas Neitzert, associate dean of engineering at Waikato University, says the university has plenty of expertise to offer aircraft manufacturers.

"Composite materials are a major focus of our Material and Process Engineering Department, and we already have PAC people attending our seminars on materials.

"We're also involved in a project under the government's Research for Industry programme aimed at developing and manufacturing new light metal alloys and coatings."

Neitzert says a light metals industry group has already been set up, bringing together Ullrich Aluminium, Ion Automotive, Fletcher Aluminium and the universities of Waikato, Auckland and AUT, with the aim of pooling resources for R&D.

"We have an open ear," he says.

[www.katolyst.co.nz](http://www.katolyst.co.nz)  
[www.aerospace.co.nz](http://www.aerospace.co.nz)

### Current members of informal cluster:

PAC  
Alpha Aviation  
CTC Aviation Training  
Hamilton Airport  
University of Waikato  
Wintec  
NZTE  
WECA (Waikato Engineering Careers Advisory Group)

## Cluster can-do

THE idea at the heart of clusters is that competitiveness lies at the regional level.

There's nothing new in this, says clusters expert Dr Michele Akoorie, just think of the medieval guild system, which enhanced the power and prosperity of the city state. The guilds declined with the rise of a more individualistic civil society and pressures to do away with restraints of trade.

Yet today the OECD and the European Union have rediscovered the cluster model as a means to foster regional innovation.

And, says Akoorie, the definition of a cluster remains the same.

- Geographical proximity
- Specialisation
- Presence of related and supporting industries
- Infrastructure – hard (roads, ports, plant) and soft (links to educational institutions, industry associations)

Akoorie, who is Associate Professor in Strategy and Human Resource Management at Waikato Management School, has looked at clusters across the world, and says while structures vary, successful clusters have one thing in common: access to new ideas and information from the outside.

"It's not enough just to take products to the market," she says.

"The key to regeneration and maintaining the vibrancy of a cluster is its external linkages. There's got to be a two-way flow of information."

One example is the Matamata racing cluster which has strong links with

Australia, Singapore and Hong Kong – a must in an industry where the major bloodstock markets are overseas.

The other crucial ingredient is a genuine historical and natural competitive advantage – think of the marine cluster in Auckland that's grown up around the Americas Cup or the seafood cluster in Nelson.

"You can't artificially seed a cluster," says Akoorie. She points to the open air space, variable weather and natural geography of the Waikato as key natural advantages for flight training.

One problem with clusters is in measuring their success. Evidence from Italy suggests that regions with clusters have lower unemployment and higher exports, but it can be hard to disaggregate the regional data.

Akoorie says another problem can be free riders, companies that benefit from the cluster but don't really contribute.

But with a clear strategy and open communication channels, clusters can help New Zealand companies overcome obstacles of scale and distance from markets.

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## Mixing it with business

NEW Vice-Chancellor Professor Roy Crawford has a vision to turn the University of Waikato into one of the leading universities of the South Pacific through the commercialisation of academic research.

"Modern universities need to have a number of different income streams," says Professor Crawford, who arrived from Queen's University in Belfast, Northern Ireland at the beginning of the year. "We generate revenue through teaching and research, and also from intellectual property – through licensing agreements and spinning off commercial ventures.

"This third dimension is becoming much more important. It's now the biggest source of income for universities such as MIT and Stanford in the United States."

The University's links with the Waikato Innovation Park will be key to transforming blue sky research into practical outcomes of use in industry, declares Crawford.

The parallels with Queen's, where Professor Crawford was Pro Vice-Chancellor of Research and Development and Professor of Mechanical Engineering, are striking. Waikato and Queen's have similar size student and academic staff bodies, and Queen's is a key stakeholder in a major science park in the region, set up in 1999.

Queen's has spun off around 30 new companies to exploit the business potential of a range of research achievements. These include the development of small low-cost turbines, scheduling software for tertiary education, hi-tech components, biotechnology and even realistic mannequins for medical training.

Professor Crawford says the same thing can be done in the Waikato. "The important thing is collaboration," he says. "Solutions to problems today require a whole range of skills – business, technical, legal, marketing. We need to cross departmental boundaries and create teams with all these skills to go out in search of business opportunities."

It's already happening. One pioneer of this interdisciplinary approach has been the University of Waikato's best-known spin-off company, Endace. Set up in 2001 to commercialise technology for monitoring computer networks, Endace has become New Zealand's fastest-growing exporter. Other spin-off successes include manuka honey dressings for wound care and the Ectus video streaming technology for online learning and communication.



ROY CRAWFORD: Into the third dimension

Professor Crawford admits seed funding is tighter in New Zealand than he's used to, but he believes if the university can put up a good business case, then the funders will be available. And he is also in favour of collaboration with other universities and Crown Research Institutes.

But what about the very real barriers between academia and business? Professor Crawford says he recognises that a SME-driven economy like New Zealand may not see academics as a first port of call for building business success.

"The ivory tower view of academia is a common perception, particularly among SMEs. SMEs don't often have a research culture, they're too busy firefighting to think about product development five or ten years down the line. And that's something we need to try to change."

He cites the success of a government-backed Knowledge Transfer Programme in Northern Ireland, where academics from Queen's worked closely with small businesses to solve immediate problems.

"Once you can demonstrate that you have the facilities, skills and expertise within the university to solve existing problems, then you're pushing against an open door when you want to help with solving longer term problems," he says.

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### IN BRIEF

#### ▶ Phoenix Organics goes global

The strategic management decisions of Auckland-based drinks company Phoenix Organics will soon be studied across the world after a Waikato Management School case study on Phoenix won an award in an international sustainability case writing competition. School researchers Eva Collins, Stephen Bowden and former staff member Kate Kearins gained third place in the Swiss-based Oikos Sustainability Case Writing Competition. The case will be published and distributed to more than 20,000 management educators world wide. [www.oikos-stiftung.unisg.ch](http://www.oikos-stiftung.unisg.ch)

#### ▶ New group for business in society research

A sister organisation to the Brussels-based European Academy of Business in Society (EABIS) has been set up for the Asia-Pacific region. EABIS is committed to integrating business in society into the heart of business theory and practice in Europe. The new Asia-Pacific Academy of Business in Society (APABIS) will initially focus on creating a research network. Associate Professor Juliet Roper says APABIS will be holding a workshop for PhD students on 26 October to look at issues of sustainability in business and society. [www.apabis.mngt.waikato.ac.nz](http://www.apabis.mngt.waikato.ac.nz) [www.eabis.org](http://www.eabis.org)

# Looking for the right people

THE right people and partners, says Harvard Business School professor Joe Lassiter, are crucial elements for achieving rapid business growth.

"The idea is not the most important thing," says Lassiter, who teaches entrepreneurial marketing in the MBA programme at Harvard Business School. "What really matters is people: you need to find the right people to recruit, to buy from and to sell to, and the right partners who will contribute to more effective solutions for the customer."

Every explorer hires a guide to show him the best path, he told a seminar at Waikato Management School, and business is no different. "Nearly all successful ventures are based on getting people together who know the right path to take, and typically have been down that path before."

"The right people and the right partners are the key to dramatically increase growth. People and partners are the accelerators that drive the product into the market and drive the right knowledge of customers into your product development process so that you move very rapidly."

Professor Lassiter, who is on the boards of hi-tech mini submarine developer Bluefin Robotics and information security company

RSA Security, says entrepreneurial marketing combines the entrepreneur's pursuit of opportunity with marketing's focus on the customer. His research into high potential ventures – both start-ups and existing firms – shows that successful companies anticipate future markets, and then "reverse engineer" the marketing process to figure out what to develop, how to develop it and – most importantly – who to develop it for.

"It's a lot easier to do this thinking in reverse as there are far fewer paths to figure out."

Reverse engineering, says Lassiter, is a good way to make sure you reach the customers you want to target, and he draws on the "visionary" and "pragmatist" concept developed by hi-tech marketing guru Geoffrey Moore.

"Moore's idea is an incredibly powerful idea," he says. "Visionaries are the people who buy on promise; pragmatists are the people who buy on proof. But sometimes companies fail when they try to bridge the gap between the two types. My work

shows that pragmatists tend to have specific visionaries that they watch to see what new trends are emerging. Find out who they are and do business with them."

Lassiter says it's also important to look into the future trends for your market.

"Look for pressures – regulatory, environmental – that can spook your market and create a rush for your product. Successful companies ask: What's a product that pragmatists will really value and

moreover where conditions are going to occur in the future that will make this something pragmatists badly need to own?"

"Look what happened with optical fibre," says Lassiter.

"Sycamore Networks figured that pragmatists were going to want an efficient switching system to use with the new optical fibres. But this required a huge technological investment. So they asked themselves: What subset can we afford to build today and which visionary can we sell it to in order to get started?"

"Through this process of 'reverse

## Entrepreneurial marketing for high-growth ventures:

- Find the right guide
- Hire the right people
- Link up with the right partners
- Reverse engineer your marketing



JOE LASSITER

engineering', they subsequently landed a US\$400 million order from their pragmatist target customer, a major long-distance telecoms carrier."

Professor Lassiter says New Zealand ventures can use these same ideas to achieve rapid growth. "This is not just a big boys' game," he says. "It's a game that gets played out of Israel and Ireland, so why not New Zealand?"

Just like the early European settlers who discovered gold in the Shotover River, the smart entrepreneur knows who to ask to get the information required. "Most ventures need a guide, a Māori to tell them where the gold is," says Lassiter. "It's always a matter of finding the right guide for the right market."

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## Listening in to what the customer wants

"A LITTLE surprising" is how Professor Ian Graham, founder of Endace Measurement Systems, describes his company's 1076% growth. It's typical understatement from the academic turned businessman. His hi-tech company, which makes computer network intrusion detection systems, came a close second in the 2004 Deloitte/Unlimited Fast50 index of New Zealand's fastest growing companies. The online auction company TradeMe just pipped Endace to first place by two percentage points.

Four years ago, Graham was dean of the University of Waikato's School of Computing and Mathematical Sciences and had come up with a hi-tech product for "listening in" to computer networks that customers couldn't get enough of. So he went looking for business expertise.

Together with governance expert Dr Neil Richardson, then chairman of the Foundation for Research, Science and Technology and an adjunct professor at Waikato Management School, and Selwyn Pellett, a sales and marketing executive with multinational experience, he set up Endace. Waikato University's commercialisation arm, WaikatoLink, was also a shareholder up until last year.

"By the end of 2001, we had good governance, good technology, good sales and marketing, prototype products and customers," says Graham, who is also the company's chairman and chief technical officer. "We started off intending to sell in the network measurement area, but after September 11 everybody was wanting network security and intrusion detection systems."



IAN GRAHAM: Intelligence gathering

Photo: Marcel Tromp

Endace is now the country's fastest growing exporter, supplying technology which can monitor network traffic, and capture and analyse the data passing through. The company has more than 100 customers – all based overseas – ranging from telecommunications carriers to government agencies. It has established partnerships with independent software vendors, and is gradually shifting its focus from providing software and hardware components to supplying customers with complete systems.

"We've been able to double our turnover three years in a row," says Graham.

Graham spends much of his time travelling to Europe, the USA and Japan, consulting with existing and potential customers. "I do a lot of chatting to people. We make sure we get an idea of where customers are going to be six months down the line, and then we can be waiting there for them with the right product at the right time."

"It means a lot of cold calling, but we find if we can persuade the engineers

that we've got something they want, then usually we've got our customer."

Graham says as a result of this intelligence gathering, Endace is now developing technology to support customers who want to run software efficiently on multiple central processing units (CPUs). "It's an interesting technical challenge that I don't think our competitors are on to yet."

Endace has a team of three engineers based in Washington DC, where many of the big ISPs are headquartered. International sales and marketing are handled from Auckland, but most of the company's staff of 50 work in Hamilton on R&D – which consumes 30% of sales revenue. A third of the company's staff are Waikato graduates. "We have a strong desire to stay in New Zealand," says Graham. "People enjoy working here, and they like Hamilton."

[www.endace.com](http://www.endace.com)

## Fast50

THE Deloitte/Unlimited Fast50 index identifies New Zealand's fastest growing companies, and highlights the success factors that drive growth and help sustain international competitiveness. The index is developed through a combination of Deloitte research, public nominations, and companies stepping up to be benchmarked. Companies are ranked according to percentage growth over a three-year period, and must have been in business for three years.

Unlimited editor Fiona Rotherham says from her experience of writing about Fast50 companies they are:

- Innovative, plus their internal culture is usually one where people are encouraged to proactively contribute.
- Open communicators who encourage people to share their views.
- Customer focussed, with a clear service ethic, plus they use alliances and strategic partnerships to cover the areas they can't provide themselves.
- Strong marketers – usually in a niche that they're particularly good at – and exports are often an active focus.

Rotherham says last year's top three – Trade Me, Endace and Prolificx – share a strong vision about where the owners/staff want to take the company and about growth, they understand their markets and are focused on delivering on their opportunities.

[www.deloitte.co.nz](http://www.deloitte.co.nz)  
[www.unlimited.co.nz](http://www.unlimited.co.nz)

# Easing the growing pains

The SmartGrowth project aims to turn

TAURANGA and the Western Bay of Plenty – sometimes called New Zealand's Gold Coast – are growing fast. Estimates see Tauranga's population growing from the 100,000 it recently passed to almost 300,000 in 2050.

But city planners and rural authorities have recognised the need to control the shape and development of the region as it quickly grows.

What's emerged could become a prototype for other regions. It all started with a project called SmartGrowth – a \$2.5m two-year study that looked at growth management by examining current trends and trying to project the region's needs for the next half century.

The study addressed implications for planning of housing, roading, zoning, water supply and waste treatment needs and was supported by Environment BOP and the Tauranga and Western Bay of Plenty district councils.

Waikato University's Deputy Vice-Chancellor Professor Richard Bedford led the team that carried out the work on population growth and migration for SmartGrowth, providing a huge amount of statistical data. As a consequence, the Bay of Plenty now knows itself better than most areas.

The Port of Tauranga drives the local economy and contributes 6% of national GDP. Transport networks are vital for dairy, horticulture, manufactured goods and forestry in the central North Island and affect the entire region's ability to contribute strongly to the country's



ECONOMIC DRIVER: The Port of Tauranga contributes 6% of GDP

## Steering a new course

MOVERS and shakers in Tauranga and the Bay of Plenty acknowledge that education has a major role to play if the city is to thrive economically. The University of Waikato has a Tauranga campus and offers the Postgraduate Diploma in Management Studies – a two year programme that provides the basis for an MBA. Last year there were four new enrolments for the diploma, this year there've been 26. If it keeps growing at such a pace then another class will have to be added, says Waikato Management School's Executive Education Director John Tucker. The course runs for two years usually with a total of 30 students from first and second year intakes.

This year's class includes a former ship's captain, the owner of a construction company, people from the communications industries, HR, transport, the health sector, and other tertiary institutions.

Maree Turner spent a decade at sea, mostly in Southeast Asia in charge of vessels up to 45,000 tonnes. There weren't a lot of women doing the job; often she was the only one on board, and there she was, still in her 20s in charge of men twice her age, and having to be fireman, doctor, navigator and lawyer. She came up through the ranks to sea captain earning her masters ticket – a complex qualification to learn all the skills ever needed at sea. These days the qualification is a degree in nautical sciences, but these days Maree Turner is no longer at sea.

She is, however, still in the shipping

business, working as a relief shipping planner at the Port of Tauranga, as well as mother of three young children. "A position came up at work, running the container terminal. I didn't get it, and I realised that if I was going to move up I needed a formal qualification, a management-based qualification. My qualification was so specialised and I needed to have some other skills."



Maree Turner

Former sea captain gaining new skills on terra firma

Turner enrolled in a Postgraduate Diploma in Management Studies. "It's great, and I don't have to leave Tauranga, which is a huge advantage for me, because I'm still working and driving the children all over the place."

Mid-way through her first paper, Developing Strategic Intent, Turner says she comes away with her head buzzing. Classes meet every second weekend. "It's hard, and I have to spend most of my free time studying." There's a lot of presentation work involved she says. "That's reasonable, if they're teaching you to be a CEO then you need to give presentations to groups of people, like clients or investors, and you need to be confident in your subject."

Management at the Port of Tauranga has

been supportive. The CEO has spent several hours with Turner discussing strategy, and the commercial and terminal managers have both said they'll be available if she needs to pick their brains.

Like Maree Turner, Paul Bowker saw the need to upskill. He's hoping to get his diploma and then to complete an MBA. Right now he's spending "every second Saturday and many days and nights in between" on his study.

Paul Bowker is in the property development and construction business. His company, H&H construction took a risk, found some backers and proceeded to build downtown Tauranga's highest building, incorporating residential apartments, managed hotel suites and the Tauranga Club. South African by birth Bowker had a construction company in Johannesburg and a management degree with a construction major. When he moved to New Zealand with his family in 1996 his immigration consultant told him: "If you want to do your own thing, go to Auckland or Tauranga".

"I'd done with big cities so in our travels we parked the camper van at Mt Maunganui and very easily made the decision to settle in Tauranga. I spent two years with a local construction company learning the industry in New Zealand." At that time there weren't many high-density buildings at the Mount so when he went out on his own, Bowker built a couple of small developments but then, he says, the Mount became overcooked and he looked elsewhere.

There had been plans to redevelop the old Tauranga Club in Devonport Road in the late 1990s but nothing had happened, so in 2000 Bowker revisited the proposition and drew up plans that would maximize the site. Today, the 16 storey building houses 50 apartments and 38 hotel rooms, plus the club which provides bar and restaurant facilities. "We pre-sold most of the apartments, but selling the idea to backers was difficult, they had nothing in Tauranga to compare it with, and we weren't a big or well-known construction company. But in the end it all came together."



Paul Bowker

"There are a lot of new ideas and concepts these days"

Now Paul Bowker has decided to add to his qualifications. "I did my first degree in 1976 and management has changed over the years. I look at the decisions other people make across all industries and wonder why they make those particular decisions. There's more to management than I actually know, there are a lot of new ideas and concepts. It may be that I choose to tackle projects of a different nature in future and so I need to update my skills."

execed@waikato.ac.nz

## the Tauranga region into an economic powerhouse.

economic performance. About 44% of New Zealand's population lives within 200km of the city.

From the SmartGrowth survey came Smart Economy. It looked at the issues identified in the SmartGrowth survey, then an economic development strategy and implementation plan were developed for the region.

More groups were invited on board for this process. Alongside the three organisations involved in SmartGrowth came key industry players, regional business development organisations, government agencies and the region's economic development agency Priority One.

Smart Economy is three pronged – targeting drivers for development, removing barriers, and establishing partnerships to deliver results:

Smart Economy is in its third quarter of implementation. There's been significant emphasis on industrial and business land development, progression of the required transport network, horticulture and agriculture, and major growth and expansion for the port. It's concerning that a lot of industry is low wage and low skill, but Ross Stanway, CEO of Priority One, says the opportunities are there to build on a strong platform of successful innovative businesses in the region.

What's also emerged is widespread acceptance that education has a major role to play in the region, more than any one had first thought. "The Skills Gap survey commissioned in 2003 showed that not only did employers have to train their staff, they have to focus on improving business practice and profitability," says Annie Hill, projects

administrator at Priority One, "and that's where the university comes in – with industry-relevant courses of study."

"The challenge we currently face in the region is to get existing business to understand the benefits of upskilling themselves – management and their staff," says Craig Garner, CEO Tauranga Chamber of Commerce. "With unemployment at an historic low, it's now more critical than ever if we're to attract and retain a good quality workforce. This should lead to increased productivity, which will be of benefit not only to our economy but to individual businesses."

In Skills Gap, more than 1,000 businesses were surveyed specifically to look at training needs, including management, and skill constraints to growth. "We've got a busy port, but there is still a need to attract industry, there's not much manufacturing done in the region. The elderly community and its needs are big business, as are retail and tourism, but the hi-tech industries are missing," says Alan Neilson, ProVice-Chancellor at the University of Waikato's Tauranga Campus.

The key priorities are horticulture, food processing, marine recreation, technology and education, health, transport, logistics and distribution. "The learning institutions need to link with business," says Neilson. "And businesses won't move here if there's a lack of skilled work force."

"It's in that 18-35 year age group where the dip occurs in the region," says John Tucker, director of Executive Education at



Waikato Management School. He says they're working in conjunction with the Bay of Plenty Polytech to develop appropriate educational pathways to keep people in, or draw them to the region, and retain them in the work force. "And we're working with the business community and Tauranga Chamber of Commerce to make sure our aims and objectives are the same for ongoing educational pathways."

Priority One's Ross Stanway is enthusiastic and supportive of the effort that education and training providers are putting into driving Smart Economy outcomes in the region. "Measurable results are now coming from the active role that many organisations, business groups and our tertiary providers are contributing to ensure our region's population growth becomes matched by our economic growth."

[www.priorityone.co.nz](http://www.priorityone.co.nz)  
[execed@waikato.ac.nz](mailto:execed@waikato.ac.nz)

Drivers	Barriers	Partnerships
<ul style="list-style-type: none"> <li>Supporting innovation &amp; entrepreneurship in business and education</li> <li>Lifestyle – building on Western Bay of Plenty lifestyle advantages and tourism potential</li> </ul>	<ul style="list-style-type: none"> <li>Low wage rates and insufficient skills to meet current industry requirements</li> <li>Zoning issues, roading, rail and air services, communication networks and power capacity</li> </ul>	<ul style="list-style-type: none"> <li>Education and business</li> <li>Businesses and local and central government, and economic development agencies</li> <li>Joint initiatives with other regions</li> <li>Business networks and cluster initiatives</li> </ul>

Photos: Courtesy Port of Tauranga

## Waikato Management School

Te Raupapa

# Stay in touch...

## ...with Waikato Management School and Alumni

*Professional success is ultimately about connections. Waikato is New Zealand's leading research based business school.*

*Get connected to the future of New Zealand business through the School's business events and the Alumni Association.*

### UPDATE YOUR DETAILS AND BE ADVISED OF EVENTS

During 2005, we are planning a series of events for Waikato Management School alumni. These will include a guest presentation in Tauranga by the new University of Waikato Vice-Chancellor Professor Roy Crawford. Please ensure we have your updated contact details so we can inform you about these events. Get reconnected at [www.waikato.ac.nz/alumni](http://www.waikato.ac.nz/alumni)

### WHO QUALIFIES AS AN ALUMNI MEMBER?

Anyone who graduates from the University of Waikato automatically becomes an alumni member (but we will only have your term address). Membership is also open to staff and friends of the University. There are Waikato alumni contact representatives in 50 cities and countries all over the world to help keep you connected.

### LOST GRADS

The Alumni Association makes up the greater University of Waikato family with nearly 23,000 graduates, staff and friends who have a lifelong link with the University. Check out the lost grads lists and let us know if you are in touch with someone that we can reconnect with.

### REGISTER

Get reconnected and become part of our alumni community at [www.waikato.ac.nz/alumni](http://www.waikato.ac.nz/alumni)

**CONTACT US** on 0800 ALUMNI (0800 258 664) or 07 838 4575 or [alumni@waikato.ac.nz](mailto:alumni@waikato.ac.nz)

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THE UNIVERSITY OF  
**WAIKATO**  
*Te Whare Wānanga o Waikato*

# Profit or not, the lines are blurred

VISIT Christchurch and chances are you'll visit The Arts Centre. It's just a side step from Cathedral Square and in the city's cultural precinct; by the museum, art gallery and botanic gardens.

The Arts Centre is essentially a cluster of cultural and creative attractions based in what was the old university, a group of 18 heritage buildings. There are about 40 shops and galleries, cinemas, a professional theatre company (The Court Theatre), two restaurants, a bar, cafes, function venues, artists and artisans in public studios, plus art educators. Director Tony Paine calls The Arts Centre a cultural shopping mall.

Turnover is about \$6 million a year and growing. But as demand for space grows, and client and customer needs change so too have strategies for growth. "Our vision has expanded beyond this site to encompass the development of the entire precinct, with the vibrancy of the entire precinct both a critical success factor and a key part of our vision for the future," says Paine.

The centre is administered by a trust and Paine says they've had to think hard about how they generate income. Money raised goes towards restoration and maintenance of the buildings and towards support for arts and culture, including the artist in residence programme.

"It's become very clear that in ten years time we'll be needing sources of income from enterprises that aren't based at the centre site itself where growth is constrained by the site and by the need

to retain the heritage buildings without significant change."

Tony Paine says to that end they've had to develop new spaces and have worked on attracting "blue-chip" commercial tenants. "We've had to refine the way we put retail standards into leases that set out expectations for marketing, shop fit-out, customer service. And we'll be sitting down with each retail tenant to agree to a development plan for their operation."

While the trust has attracted some philanthropic support for its development work, most funding is generated from commercial sources. "But we sit pretty firmly at the risk-averse end of the property development spectrum," says Paine.

What's clear to him is that the lines between for-profits and not-for-profits are becoming blurred. "All enterprises have multiple bottom lines, some more tangible than others," says Paine. "I've never met a manager in the for-profit sector who's seen his or her role as solely being about creating a profit. They talk about customer needs, sustainable wealth creation, contribution to the community, all things the NFPs talk about too."

"The only remaining obvious difference is around the question of who owns the enterprise and I suspect that despite the triple bottom line rhetoric, the shareholder will remain the central 'owner' in the for-profit sector for the foreseeable future."

Paine has a long career history in the social services sector and is currently



TONY PAINE: "All enterprises have multiple bottom lines"

studying for his Masters in Management Studies through Waikato Management School where he earlier completed the on-line Postgraduate Diploma in Management of Not-For-Profit Organisations. The recent study has influenced the way he works.

"I've completely changed my approach to performance management," he says. He realised that if the management team wanted to give someone feedback about their work, it was better to give it as soon, or as close as possible, to when the work was done. "So now we work hard to ensure that we have a conversation with each of our 45 staff at least once a month that rises above the day to day supervision type stuff and focuses on how things are going." Paine says this has basically replaced the annual appraisal.

"The Arts Centre is a very successful operation so the management challenge is about how you can improve on something that's going pretty well. We think part of the answer is around innovation – not the big leap type, but small scale improvements." Paine says they do a lot of brainstorming with project teams and groups of staff about how they can improve a particular service or system. "The image here is of lots of small improvements helping us maintain quality and hence success."

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For more details on not-for-profit qualifications email [community@mngt.waikato.ac.nz](mailto:community@mngt.waikato.ac.nz)

# Pinning down phoenix companies

WHEN a poorly managed company fails, leaving a trail of unpaid bills, creditors are likely to be grumpy. But when a new company then emerges without missing a beat, with the same name, directors and assets, creditors' blood pressure probably takes a hammering.

This business sleight-of-hand is the recognised behaviour of "phoenix" companies. Their actions are often irresponsible, if not illegal, and the problems they cause go well beyond health risks to creditors. Now the Government is planning law changes which will make it more

difficult for phoenix companies to carry on business.

Waikato Law School dean, Professor John Farrar, says the proposed changes are welcome but do not go far enough to prevent "careerist" offenders. A specialist in insolvency law, Professor Farrar recently addressed an insolvency law practitioners conference on the reforms.

"Phoenix companies have a widespread effect on the economy but the failure of creditors to report them to the authorities means they often remain undetected," he said. "Private enforcement of directors'

duties has failed in New Zealand. More public enforcement is necessary."

He drew on Australian Securities Commission research which showed almost half of phoenix activity was in the building/construction industry, and three-quarters of offenders had no adequate financial records. Many of the issues inherent in phoenix activities were therefore associated with poor management practices. Typically, small companies which traded insolvently were undercapitalised at start-up.

In New Zealand, phoenix companies and the people behind them are little researched and no statistics are kept on how many new companies are phoenix arrangements. The best known example – and the case which finally prompted government action – was NZ Stevedoring Ltd, which was placed in receivership in 1998 with the loss of more than 300 jobs and outstanding debts of over \$14 million. By then, however, the businesses of the company and a number of its subsidiaries had been transferred to associated companies.

A Cabinet paper on the proposed Companies Act changes lays out the problem: "There is a perception within the business community that the laws dealing with phoenix companies are not adequate because they are open to abuse and the penalties for contravention are too lenient. Therefore, action is required to avoid an

adverse impact on business confidence, although it is challenging to address this issue without stifling the entrepreneurial spirit."

The key changes are:

- The government will take on the primary enforcement role, making criminal penalties available to the courts where directors have been shown to have acted in bad faith to defeat creditors' interests.
- Directors of insolvent companies will be prevented from re-using the company name, which reduces the likelihood that creditors and consumers will believe they are dealing with the same company. Professor Farrar said wider reforms were also necessary. Sections of the Companies Act relating to reckless trading and directors' duties were "inherently unsatisfactory and need reform".

"It is probably true to say that a company that is performing well will also observe good standards of corporate governance. What we need now is a broader conception of corporate governance so that we can devise user-friendly corporate legislation with an appropriate level of regulation."

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JOHN FARRAR: Phoenix companies often remain undetected

## Manufacturing matters

From Page 1

manufacturing elsewhere to service markets we don't service too well at this time."

And that, he says, means putting marketing and customer service first.

That's been the strategy of dairy giant Fonterra, New Zealand's largest company, which supplies one-quarter of the country's exports. "A lot of work has gone into developing a business model that is firmly focused on the customer," says Brent Taylor, General Manager NZ Manufacturing at Fonterra.

"The closer alignment between product demand, production planning and product development that has been one of the benefits of Fonterra's formation means that customer focus extends into all parts of the company. The work done by senior executives to build relationships with our key customers is an important part of our strategy."

### Strategies for manufacturing success:

- High-value niche manufacturing
- Innovation
- Customer focus
- Strategic alliances
- IP exploitation
- Rapid response to market shifts

With around one-third of its exports going to Asia, Fonterra has formed a strategic partnership with global food giant Nestlé to gain access to the more restricted market of the Americas. It also has supply partnerships in the United States, Europe and Australia.

Taylor says partnerships with both suppliers and customers enable Fonterra to provide increased security of supply and develop new, unique ingredients solutions that fit the demands of a particular marketplace.

"The relationship between us and Nestlé is an excellent example of the type of relationship we aim to develop with all our leading customers. Rather than just supplying these customers with ingredients, we are cooperating more closely at all levels of the business."

Partnerships are a key way of doing business for another top New Zealand company. The Hamilton-based Gallagher Group is the world's number one electric fence manufacturer, selling electric fencing and access control systems in more than 140 countries through a system of country-based distributors. CEO Bill Gallagher spends much of his time overseas visiting distributors. "Successful companies look to customers' needs and wants," he says.

The Gallagher Group has kept its core manufacturing in New Zealand, although the company does have factories or subcontractors in other countries, including Australia, Asia and Europe. Distributors in some areas – for cost reasons or specific market requirements – also use local products produced under licence from Gallagher. "Licensing out is only just satisfactory," says Bill Gallagher. "Even though our royalty income approaches \$1 million, we do better supplying product."

## Gearing up for the global marketplace

"I got a very different impression of the Toyota system seeing it in action."

"They've made a concentrated effort to get staff buy-in".

"The commitment of the people I saw on the factory floor was impressive. That doesn't happen overnight."

SOME comments from students on Waikato Management School's Postgraduate Certificate in Management Studies, taught with a focus on manufacturing management. They've just been on site visits looking at how some manufacturers are implementing the management strategies they've read about and discussed at previous workshop sessions.

Professor of Manufacturing Management Les Foulds, who teaches part of the programme, says the site visits aim to provide insights into the challenges facing manufacturers across the board.

"Compared to OECD averages, New Zealand manufacturers have relatively low levels of R&D, science and technology intensity, education, knowledge, managerial and labour skill. At the same time they are facing increases in consumer sophistication, technology, and cost pressures, and the need to find ways to create high performance workplaces."

The course has been developed in concert with the manufacturing sector and is aimed at upskilling hands-on manufacturing managers. Fourteen of the course participants are from the dairy giant Fonterra. Learning and Development Manager at Fonterra's Global Human



JUST-IN-TIME : Building a world-class manufacturing industry

Photo: Courtesy Canpac Intl

Resources, Richard Bird, says Fonterra was looking for an opportunity to develop general management skills specifically in the context of a world-class manufacturing organisation.

"Our manufacturing base is the single biggest chunk of Fonterra in New Zealand," says Bird. "So it's important our people have the skills and understanding to utilise this manufacturing capacity."

The course kicked off last December with a four-hour workshop led by Professor Terry Hill, an international authority on operations strategy.

Hill, who is an Emeritus Fellow at Oxford University's Templeton College and an Affiliate Professor at The Ohio State University, says the global marketplace is

now the battlefield. "Senior executives today must understand the role of strategy in the key task of retaining and growing market share," he says.

"There is currently huge manufacturing overcapacity, and it's not going to stop growing. By 2030 China's GDP will exceed that of the United States; India will follow suit by 2050. To be world class, businesses have to do things right and do the right things."

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As the strong Kiwi dollar continues to eat into profits, the company says it's looking at recouping most of that loss from its suppliers, through cost-cutting and innovation, and perhaps sourcing more commodity products from overseas. Yet Gallagher believes there is a future for manufacturing here. "We're competitive in niche markets where flexibility and quick response is important."

Despite concerns over currency and the security of long-term energy supplies, Fonterra too plans to keep much of its manufacturing capability onshore, alongside the company's shareholder and supply base.

But Brent Taylor says licensing IP is an exciting area with huge possibilities. "We have already explored IP licensing in connection with formulated milks, and the business model we have developed there could be profitably applied to a number of other businesses within Fonterra," he says.

The manufacturers' wishlist for government sounds familiar: greater understanding of the issues facing manufacturing, lower taxes, less regulation and red tape, more incentives for spending on R&D.

Yet NZTE's David Penny remains upbeat "I'm confident that New Zealand manufacturing has a strong future if it can stay ahead of global trends and exploit its strengths in innovation, exploiting its IP, fast-footedness and customer responsiveness, and high-value niche dominance," he says. The best New Zealand manufacturers are already showing it can be done.

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## New Zealand Sustainable Business CONFERENCE & EXPO 2005

sustainability is core business : getting in step

12-13 October 2005 Aotea Centre, Auckland

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## Waikato Management School

Te Raupapa

# If the world's your stage maybe it's time to learn some new lines

*Waikato Management School is accepting enrolments now for B Semester 2005. Classes begin 18 July 2005. You can study part-time or full-time – as little as one paper per semester or up to four papers per semester.*

Time commitment: Semesters have 12 teaching weeks (March to June and July to October). Each paper requires a commitment ranging from 10-15 hours each week for a first-year level paper and up to 25 hours per week for a postgraduate level paper. These hours can be a combination of lectures, tutorials, workshops, labwork, teamwork, readings, assignments and preparation. Generally students must attend classes on campus for four hours per paper, per week. Summer School is intensified into six teaching weeks with approximately double the time commitment of semester papers.

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### Economics

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503 Practicum: Management in a Not-for-Profit Organisation

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321 Electronic Commerce Systems Infrastructure  
358 Systems Implementation Management  
359 Decision Support Systems  
377 Supply Chain Management  
455 E-Business Process Redesign  
477 Issues in Supply Chain Management  
511 The Learning Organisation  
551 Management Systems Research  
555 Strategic Information Systems

### Marketing

151 Introduction to Marketing and International Management  
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THE UNIVERSITY OF  
**WAIKATO**  
Te Whare Wānanga o Waikato

# Serial entrepreneur

BRENDON Muir is one busy man. He's 22, his own boss, with his own business, with several different jobs on the go.

Brendon Muir, managing director, Spike Insights Limited. Muir has been a bit of a techno whiz since he got his first computer at seven, and now he's also hot on marketing. That combination has seen his young business take off in several directions. A portfolio career from the word go.

He's developed a website content management and learning management system for schools. It started when one of his former teachers called him in to have a quick look at a school's computer system, which was giving a bit of bother. Not content with fixing the problem, Muir hung around and developed a website for the school using PHP – a programming language that lets you make interactive websites. *intraSchool* was born and when Muir finished his Bachelor of Electronic Commerce degree, he set up his own company.

"With *intraSchool*, students can go into Learning Caves, either in groups or as individuals and work on projects, download information, chat to each other, leave messages and make web pages. What's also good is that it can be maintained by students and staff," says Muir. He's now finding that school staff are interested in using *intraSchool* as a common point for storing information and resources.

Users of *intraSchool* pay a \$1500 installation fee and hosting and support costs of up to \$60 a month.

So far it's been primary schools that have used the program, but Muir is finding his way into secondary schools in another way. Rugby. He has the contract with the Waikato Rugby Union to record secondary school matches and to process the information he's gathered for the Union's talent spotters. He films the games, and then spends up to eight hours transforming the footage to data: Who made the first contact in a tackle? How many tackles did a player make in a game? Where were players and what were they doing when the try was scored? He has also done a little work for John Mitchell and the Waikato provincial side.

For another major company, Spike Insights sells all the technology the organisation needs for its 114 offices throughout New Zealand. He's working to become their preferred supplier.

And once a week Brendon is at New Zealand Steel at Glenbrook, south of Auckland. He started working there when he was still a student at Waikato Management School doing his compulsory practical paper. "They [NZ Steel] were pretty backward in their online area. I came up with a solution to deal with their ageing intranet, deciding that a content management system was the best option as it allowed non-technical users



BRENDON MUIR: Portfolio career

to create their area of the intranet without the constant need to have an intranet administrator on site."

Muir admits that he needs to do more website design, but because he's been so busy he's taken on another BCom student to work in that area.

Muir is modest about his success and credits some of it to Hamilton Business Development Centre. His mentor Steve Murray visits him every few months.

In the early days, when he was still a student and running his business out of a school office, Murray had plenty of advice to give. "He started the business with no

practical experience," says Murray, "but he had that natural sense of knowing the right thing to do most of the time. He's so refreshing in his attitude. It's fantastic working with him. He's entrepreneurial and his work is high quality."

Murray used to arrive with great lists of things Muir needed to do, but at his last visit early in 2005, the list of 'to do's' was pretty short, which seems to indicate that Brendon Muir of Spike Insights is on the right track.

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## Bring on the talking scientists!

TO understand science, in particular difficult and controversial science, it's a good idea to talk to scientists. But scientists, it's got to be said, aren't all renowned for being good communicators.

Researchers at Waikato Management School have been trying to find the best ways for people to become more involved in science. They have looked at the relationships between scientists and the public, and ways of improving communication between them by focussing on that emotional and often controversial subject, Human Biotechnology (HBT).

Their project, funded by a substantial MoRST grant, was called *The Communicative Properties of Science and Technology Dialogue*. The research team, led by Associate Professor Juliet Roper all came from the School's Management Communication Department.

"The overall purpose of our research was to identify communication processes that have the potential to enhance the quality of public discussion about controversial science in New Zealand, and in particular human biotechnology," says Roper.

She says they had three objectives in mind: to pilot, analyse, refine and encourage alternative methods of dialogue for use in discussion of these issues; to build dialogue expertise and two-way communication skills generally; and to identify pathways towards applying those dialogue methods in order to raise the quality of public discussion on important issues. To do this, Roper, Professor Ted Zorn and Associate Professor C. Kay Weaver organised a series of focus and dialogue groups and a public dialogue session.

They found that there was indeed a lot of misinformation and concern about HBT, biotechnology and genetic engineering. The media was blamed in part for this, and so were the scientists for being poor communicators.

Interestingly, Roper and her fellow researchers also found that when scientists weren't present, people's attitudes to scientists and to HBT became more negative the more they talked about the subject.

"But bring on the scientists, engage in real dialogue and people's attitudes grew more positive towards both the scientists and HBT," says Roper. "Plus they grew more confident in talking about the subject." The only time attitude changes to scientists and HBT didn't occur was when discussion was computer mediated.

You can't beat face to face dialogue, says Roper. "This project has demonstrated the importance and effectiveness of bringing scientists together in open, two-way communication with members of the public. There's still more research to do, but there are some fairly clear things that could and should happen as a result of this research."

First, the researchers recommend that the findings get out to science organisations quick-smart. Secondly, they say ways will have to be found for building public dialogue into the science programme. This means scientists will also need to build up dialogue expertise – and learn how to talk in layman's terms. "A big challenge will be for science organisations and their funders to work out how to allocate resources for this to happen," says Roper.



JULIET ROPER

"On the other side," she says, "we need to find ways to encourage the public to participate more in dialogue on scientific matters. And that's where grassroots initiatives like Café Scientifique that's started up here at Waikato University and elsewhere around the country are really valuable."

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*"The Communicative Properties of Science and Technology Dialogue"* is available in pdf form at [www.management.ac.nz/rethink](http://www.management.ac.nz/rethink)

## Pub science

IS the human contribution to global warming really significant? How can New Zealand meet its commitments under the Kyoto protocol?

These and other questions on climate change were up for debate at Hamilton's latest Café Scientifique, which meets monthly in a local pub. One of the aims of Café Scientifique, which began in Europe in the 1990s, is to give people the chance to discover how science operates, to discuss its methods and findings.

Co-organiser Dr Alison Campbell, lecturer in biological sciences at the University of Waikato, is passionate about breaking down the mystique of science.

"As soon as you get a real, active, functioning scientist in the room, you break down that barrier," says Campbell as the 50 or so participants get stuck into questioning Dr Willem De Lange, a coastal hazards expert at the University. De Lange contributed expertise to the Inter-Governmental Panel on Climate Change (IPCC) which set the agenda for the Kyoto Protocol.

"Public education is important," he says. "The media keeps saying that global warming is accepted, but in fact there's some really shonky science involved. We need to make sure people understand what scientists do know and what they don't."

As well as Hamilton, Cafés have been set up in Dunedin and most recently in Wellington.

The next Hamilton meeting will be on 7th June, venue to be confirmed. The topic will be the Human Genome.

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**IN BRIEF****School to host prestigious sustainability leadership programme**

Waikato Management School is joining forces with Toronto's Schulich School of Business to offer a world-recognised sustainability leadership programme. This will be the first time the business leader seminar, presented twice-yearly by Schulich's Sustainable Enterprise Academy (SEA), has been offered outside North America. The seminars draw senior executives and government officials from throughout the world. The School will present the four-day residential short course in Auckland in April 2006 in conjunction with SEA.

Expressions of interest can be made to Tracey Lowndes at [tlowndes@waikato.ac.nz](mailto:tlowndes@waikato.ac.nz)

**School gains international business school accreditation**

Waikato Management School has joined an elite group of universities world-wide having gained accreditation to EQUIS, the European Quality Improvement system – an international hallmark of business school excellence. The School's MBA degree already has accreditation to AMBA – the London-based Association of MBAs, and is in the process of gaining accreditation to AACSB – the US-based quality assurance scheme. [www.efmd.org](http://www.efmd.org)

**New Waikato business network**

The Sustainable Business Network has established a Waikato branch in conjunction with Waikato Management School. SBN advises small-to-medium-sized firms on how sustainability can improve their business performance. Businesses interested in finding out more should visit [www.sustainable.org.nz](http://www.sustainable.org.nz) or contact Tracey Lowndes at Waikato Management School [tlowndes@waikato.ac.nz](mailto:tlowndes@waikato.ac.nz).

**Communication expertise rewarded**

Hamilton mayor Michael Redman says communication is key to good management and the skills he learned during years of running his own advertising agency set him in good stead for the job he's doing now. Redman was speaking at the tenth anniversary of the Management Communication Department at Waikato Management School. At the same event, former student Fleur Postill was presented with the inaugural Professor Ted Zorn alumni award for excellence in professional communication management. Postill, communication manager for Wise Management Services, provides strategic communications services to four associated trusts, all involved in aspects of mental health.

# Network advantage

TELECOM'S mainstream product arm Wired has teamed up with Yellow Pages across town for a new customer trial. That the two sections of the company have joined forces on this project is due to some nifty networking by Russell Locke, head of product management and development at Wired, and Stephen Tuck, his counterpart at Yellow Pages.

"We've realised the trial I'm doing for our consumers can include some of his consumers. It's going to make my product look a lot better, and give Yellow Pages a chance to push their products," says Locke.

A year ago Locke might not even have known who his counterpart at Yellow Pages was. And he certainly wouldn't have thought of sharing resources across business units to create synergy for both parties. But this kind of informal networking is starting to emerge among the 38 managers – like Locke and Tuck – who have completed Telecom's Management Development Programme (MDP).

"We set up the MDP to develop leadership capability in Telecom, 'build the builders', if you like," says Brigid Kelly, organisational development programme manager at Telecom. "And now we're starting to generate a network of MDP graduates who are working with one another to achieve business objectives."

The MDP was put together for Telecom by the University of Waikato Management School, Otago University's School of Business and the University of Queensland Business School. Partnership consultants Urban Learning brought the various parties together, and contributed to parts of the programme design. The course has four



CLASS OF 2004: Network material

modules on self-management, people management, business management and business transformation.

As well as the academic learning, the MDP requires participants to work in small teams on in-house action learning projects. There's also a mentoring element involving the participants' own managers.

The Management Development Programme has been running for 18 months in Auckland and Wellington, and also in Sydney and Melbourne for managers at Telecom-owned AAPT. The first batch of MDP graduates finished in late 2004.

"You come out of the MDP with a different view of how to do things," says Andrew Crowhurst, head of strategy and service design, Consumer and Small Business. "So you tend to seek out people who've also done the MDP and who are able to think and talk round business problems. If I've got a problem and need to talk it through, I've now

got 20 people to do this with."

"Networking is a sounding board," agrees Locke. "With the MDP alumni, you know they're on the same page as you. The MDP has given us a common language."

Across the ditch, AAPT business finance manager Rob Wheals sees the MDP as a vital business learning tool. "Here in Sydney, I'm just one of six MDP alumni among 1,200 employees at AAPT. The more people who are 'sheepdipped', the more we can have the right conversations and get things done."

Telecom's Brigid Kelly says the company is working on formalising the MDP graduate network, and plans to leverage their learning and their relationships to work on strategic organisational projects. "Through MDP, we're creating a development capability here at Telecom as well as generating better managers," she says.

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## De-geeking the IT sector

BY 2012 it's expected the ICT sector will double in size to make up 10% of GDP. This will mean lots of new jobs in systems administration, programming and software support, offering good money and good prospects.

Yet women don't seem to be waking up to the opportunities. In 2001, there were 41,000 ICT employees, but only a quarter of them were women. And while the sector is growing, the numbers of women entering the ICT workforce are not.

And recent research reveals that many women returning to the workforce are opting for office technology courses rather than more technical IT courses because they see IT as a "man's world".

The research, by Associate Professor C. Kay Weaver of Waikato Management School's Management Communications Department and Marie K. Hutchinson of Waikato Institute of Technology, looked at how women retraining for the workforce made choices about computer related

courses. The women were enrolled for qualifications ranging from certificates in business and office technology to degrees in IT.

"We found that women preferred traditional office training courses because they were people-centred and they felt comfortable in an office environment," says Weaver. "By contrast, they saw IT as being machine-focused, boring and unsociable."

Weaver says what's needed are more women role models in IT. "And we need to make sure IT courses incorporate aspects of communications and social skills so the geeks don't dominate."

Geeks are bad news for employers too. In a Victoria University survey last year on what employers want out of graduates, communication skills ranked top above analytical, conceptual and problem-solving skills.

"Employers are always asking us why more women aren't coming through the door," says Cheryl Horo of Women In



KAY WEAVER

Technology – WIT Group. "We believe women just don't know there are all kinds of roles in IT which are a good fit with women's skills, particularly in the client relationship area."

WIT is putting on a roadshow later this year aimed at promoting IT as a career to high school students. "We want to show kids that there are really interesting careers out there in the industry," Horo says. "And they need to know that employers want them too."

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## Waikato Management School Te Raupapa

Waikato Management School's purpose is to inspire the world with fresh understandings of sustainable success. The School's Executive Education and corporate programmes are a vital resource for the business community in developing learning programmes that strengthen business.

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Re:think is published twice a year by Waikato Management School. It is published for our business audience to communicate some of the activities, research and people stories of the School and of Waikato business.

We welcome feedback, comment or inquiry about any of the issues raised in this publication or Waikato Management School programmes.

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