

Connect



Regionally Engaged - Nationally Effective



Forum 2010 kicks off on a high note with inspiration from Sir Stephen Tindall

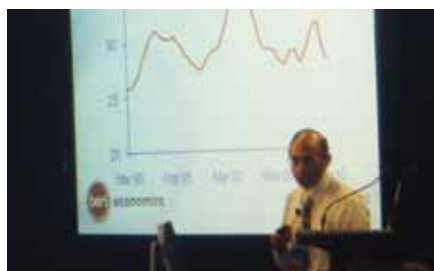
Forum 2010 – “A hard act to follow”

The sparkling line-up of speakers made this year's Forum (26 & 27 August) memorable. Sponsorship helped to make it happen – we are grateful to BERL, the Foundation for Research, Science and Technology (FORST), Baldwins (Intellectual Property law), and Telecom.

Sir Stephen Tindall – introduced by EDANZ Chair Nigel Kirkpatrick as a “walking innovation eco-system” – set the scene.

Sir Stephen reminded this audience of the power of networks to find and grow companies. Kea and Pass It On leverage the ‘Kiwi Diaspora’ – connecting Kiwis overseas with SMEs in New Zealand and turning social networking into dollars for New Zealand. This is where EDAs can link in – as some already have (see story page 4) – to contribute to New Zealand's growth.

His Foundation's ventures have economic development benefits for communities, building their capability and confidence through “bottom-up, place-based initiatives” – which can only be to the advantage of New Zealand's economy.



Not looking good... we have to do more to rebalance the economy with exports.

Dr Ganesh Nana, BERL's Chief Economist, presented a sharp reality check on the imbalance of national income versus expenditure. He highlighted the pressing need to increase exports – New Zealand's “lifeblood”. There are obviously opportunities as well as challenges

still ahead of us as a country, but the “tyranny of distance” should not be a barrier to pursuing those opportunities.

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The afternoon's panel discussion – **Fibre to the door: the future of broadband**, was particularly 'meaty'. Broadband-enabled jobs are expected to be one of the fastest growing job sectors in the coming decades and all communities need access to it.

Steve Canny of Venture Southland dexterously facilitated this session, which started with each panel members' brief address to stimulate and provoke discussion.

Rohan MacMahon from Crown Fibre Holdings helped to set the scene from

the government perspective on the Broadband rollout.

Mark Ratcliffe, Chief Executive of Chorus, and Telecom's Executive Lead for the Ultrafast Broadband programme, took this further. Mark filled in the audience on current local operations and put some flesh on the future, with a view to our international context.

Rod Drury reinforced the idea of how important it is to think globally from day one, which also gives the opportunity to employ a 'fluid' workforce. He also challenged conventional thinking,

turning the concept of a digital 'divide' on its head.

Ernie Newman stood by the need for a single digital agency to manage the migration from copper to fibre.

EDAs across the regions could see the importance of adopting a Broadband mindset – and also where and how they might direct their efforts to help regions maximize value from it.



Hon Gerry Brownlee

Day Two opened with the Minister for Economic Development, Hon Gerry Brownlee, providing a comprehensive update of the government's Economic Growth Agenda.

The Minister was introduced by Stuart Trundle with "History and lessons from Taranaki's oil and gas industry" – a tribute to the provincial entrepreneurial spirit.

The Minister acknowledged the valuable efforts of economic development agencies in fostering regional economic development that will help strengthen the economy.

He outlined the six drivers of economic growth. Among these, he saw that boosting productive infrastructure (especially roading and broadband) was an important enabler of higher productivity.

Of particular interest was the focus on the 6th driver: the use of science for business innovation, and an ambitious trade agenda.

A key activity was around helping the food and beverage sector to research and commercialise high-value processed products. Some EDAs in partnership with FoRST have been leading the charge in this area.

As highlighted the day before by Ganesh Nana, the New Zealand economy shows unbalanced growth driven by debt, consumption and government spending, rather than savings and exports. To assist the rebalancing (of the tradeable and non-tradeable sectors) of the economy, the government will expand the potential of various sectors of our economy.

Across all sectors there are essential activities. The Minister also spoke of:

Encouraging innovation and R&D

There is a strong correlation between increasing business expenditure on R&D and economic growth. Innovation is essentially about turning new ideas into commercial returns.

Access to growth capital is critical to firms wishing to expand into offshore markets. Increased investment is crucial to driving the commercialisation of R&D.

He also focused on **addressing gaps in business skills and capability** in New

Zealand firms, and showcased the new **Regional Partner Network**.

This coordinated access to business training and research and development funding and support – through NZTE and the Foundation for Research, Science and Technology – is a significant change for delivering business training and advice to firms across the country. The new model will see increased competition amongst training providers, and a voucher-based scheme for firms to purchase business training will provide more choice.

He emphasised that **stronger and deeper international connections** – the flow of people, trade, capital, and ideas between New Zealand and the rest of the world – helps drive productivity and economic growth. And with China's rapidly growing middle class that is increasingly demanding safe, high quality food, the government is working on number of initiatives.



There are **specific sectors** that would make a greater contribution to the economy, and have current or potentially high areas of productivity. They already have a distinct competitive advantage, significant existing or potential scale, and high rates of export growth.

These sectors are:

- Food and Beverage
- Aquaculture and Fisheries
- Petroleum and Mineral Resources
- High Value Manufacturing and Services (The Minister note here that the following speaker, Ray Avery, had made a significant contribution to medical technologies field).
- Rugby World Cup.

The Minister concluded with the need to refocus our economy, to export more and lift our incomes – working with EDAs on the shared goal of a stronger economy.

For the Minister's full speech go to www.beehive.govt.nz



Ray Avery...the importance of seeing things differently

Ray Avery followed straight on from the Minister, who stayed on to listen.

Ray is a living example of the quote (from Apple) he uses in his best-selling book *Rebel with a Cause*: "Those that are crazy enough to believe they can change the world are the ones that do."

We can't solve all the world's problems, but Ray's talk encouraged a positive approach to New Zealand's economic

development – he insisted we are the "clever country".

He stressed the importance of observation as the starting point of innovation. He indicated, however, that we also need to focus on product realisation as much as product development – to ensure that R&D comes to fruition.

Innovation, Ray said, was essentially seeing things others don't – the classic example being the paper clip evolving from someone staring at a piece of wire – and for commercialisation: finding something the customer wants – that no-one else has got.

Richard Bentley's presentation, *From IP to GDP*, acknowledged the role EDAs play in innovation – providing knowledge and expertise to companies, and facilitating links between research organisations and business.

As Group Manager, Manufacturing and High Growth Firms, at FoRST,

Richard helped visualise the roles and relationships in the new TechNZ regional partner network – extended with NZTE to 14 regions.

The lead partner in each region will be responsible for delivering outcomes (that contribute to New Zealand's future), and will need robust governance arrangements to help regions maximize value from the programme.

This year's Budget reflects support for business R&D – regardless of size or background. Consequently, TechNZ is looking for companies with the aspiration, opportunity and ability to grow New Zealand's exports through R&D.

His quote, from Swedish director Per Eriksson, underscored the Forum's underlying theme of *Innovation to Commercialisation*, that while:

research is the conversion of money into knowledge and competence, innovation is the conversion of knowledge and competence into money.

Showcase Series

This year's series was a 'many-splendoured' thing. According to one participant, the series provided "real and practical ideas that other regions can grab hold of".

The options within the three series, held over the two days of the Forum, must have been a hard choice for some at the time. But with the DVD, which all Forum participants received afterwards, the collective wisdom could be shared.

The constellations of case studies suitably complemented the stellar main speakers, and continued some of the main themes presented. For example, the Cloud Computing workshop extended the technology theme introduced in the Panel discussion.

The sheer range on display of EDA activity was impressive – from the intervention of an EDA in an export-hungry company (Vision Manawatu and

Umlimited Reality) to the 'star-gathering' Bright Ideas Challenge from Grow Wellington in calling all innovators.

This all added value to the knowledge around what EDAs do – a rich resource for mining ideas in connecting across the economy.

Leveraging the expat network - *Kiwis in Kea helping Hawke's Bay*



It's easy to understand that a global network of expats is powerful, but in reality it is rather intangible.

There's also getting the buy-in from the business community, according to Venture Hawke's Bay Economic Development Manager Michael Bassett-Foss.

But riding on the back of a network like Kea helps promote the lifeblood of the local economy – by showing expat Kiwis and friends of Hawke's Bay how to plug into business networks and opportunities.

Michael Bassett-Foss says that there were plenty of examples of companies using the Kea network to grow exports, but there weren't any examples of a firm in Hawke's Bay. A local example was needed to make Kea more tangible to businesses in the region.

Venture Hawke's Bay approached Furnware, a company that was already growing rapidly overseas, selling a range of ergonomic furniture to schools. It was as simple as profiling Furnware in

one of Kea's global newsletters and then sitting back to see what happened.

Venture Hawke's Bay wrote the first draft of the original Furnware story. Managing Director, Hamish Whyte then personalised it around Furnware, and Kea New Zealand shaped the material to suit the target audience – a vibrant story, but short and punchy.

Messages had to be couched in a way to catch – and hold – the attention of a busy expat. Most importantly, it needed to actually tell the expat community what the company wanted.

Expats want to help fellow Kiwis succeed, but they need to know *how* to help. It is important to keep it easy for them (ie, is expertise or contacts needed?).

In Furnware's case, they were looking for sales leads in new countries. So, when the lead did make contact, it was up to the company to professionally and promptly follow up.

Furnware received a number of responses from China as a result. Director of Furnware Hamish Whyte says: "I was surprised and delighted at the leads that we received as a direct result of being featured in the newsletter".

Furnware has now made initial sales into Shanghai based on leads from expats and – based on current referral trends – is likely to receive enquiries from other schools in the area.

Kea gives credibility

"It's more than just the leads," says Whyte, "Kea provides us with an enormous amount of credibility. There have been several occasions while travelling overseas where I have been introduced to Kiwis who have heard about us through the Kea newsletter."

At a national level, Kea have realised that more work is needed to educate



SMEs in leveraging all that Kea has to offer. Venture Hawke's Bay's plan to pilot a roadshow with Kea is aimed at doing just this. Examples such as Furnware will add a whole lot more realism.

So where to next for Kea Hawke's Bay? There are a load of possibilities, but the best may be in the primary sector.

Increasing irrigation

Hawke's Bay Regional Council are part way through a feasibility study on building water storage dams to significantly increase irrigation in Central Hawke's Bay. The dams themselves will cost many millions, but the return to land owners – through increased productivity – has significant investment opportunities. There's also the downstream impact to the processing sector.

Venture Hawke's Bay plans to leverage the Kea global network in realizing these.

Kea New Zealand was established in 2001 to unite New Zealand's offshore community – over 25,000 talented New Zealanders living and working around the world – in seizing opportunities to open doors for New Zealand companies internationally.

Kea Hawke's Bay was launched to great fanfare at Black Barn in November 2009. The celebration marked the beginnings of a concept – but operationalising the concept was going to be a different matter altogether.

It was the first New Zealand based regional chapter of Kea's global network of and was aimed at getting a new global network of friends of the Hawke's Bay to play an important role in building the future of the region. This would enable people in

Hawke's Bay and those offshore to make connections around areas of mutual interest, including business, sport, education, investment and creative sectors

Kea provides two key focus points for **Venture Hawkes Bay** – to assist Hawke's Bay businesses grow export markets, and to support expats thinking of relocating to the region. The network has been funded by Venture Hawke's Bay, with support from New Zealand Trade and Enterprise under the regional strategy funding programme.



Furnware had its humble beginnings back in 1934, but is now considered one of Hawke's Bay's world class businesses.

It is leading the way on the international business stage (recognised by global investment of over NZ \$2 million) through their Bodyfurn range of educational furniture.

Bodyfurn educational furniture is ground-breaking, in that it helps students and their teachers achieve an improved physical learning space through quieter, calmer classrooms. Research shows that classroom distraction is reduced by up to 70% when using the Bodyfurn range.

Furnware distribute their Bodyfurn range schools in Australia, Hong Kong, Japan, Dubai and Saudi Arabia, with a critical sales source being referrals made from New Zealanders recommending Furnware to their global contacts.

The company considers itself one big 'Furnware family' with over 70 full time employees, who have an average of over nine years service. And, they're extending that family to 'big brother' Australia with a robust business plan, and an office and warehouse in Melbourne, to cope with their rapid success there.

– Hamish Whyte, MD, Furnware





‘Body-building’ the sports economy

*At the recent annual EDA Forum, Sarah Beaman gave a presentation **The Sport Sector's Coming of Age.***

SPARC's* targeted capability building helps sports organisations respond to market opportunities – along with managing events more effectively, and contributing to the economic growth of a region.

Sarah compared this aspect of SPARC's work to that of an EDA – developing support, connecting people, increasing an organisation's capability and getting it 'fit' for investment.

Basically, it's about helping a sports organisation keep up with changes in the marketplace and lift its game.

Sport's new status

Sport is evolving in New Zealand – from the amateur, passionate involvement of devotees, to a powerful component of our society, with competition driving regional initiatives.

Today sport is commercialised and globalised. It sustains increasing numbers of professional participants, coaches and officials. Sports businesses contribute to local and regional

economies, while global sponsorship and distribution agreements have increased foreign exchange management and export dealings.

Sport occupies considerable space in the media and has become a favoured form of entertainment – and with that is a prime vehicle for sponsorship.

Commercial companies and the media have found an interest in financing major sporting events, and using sporting images commercially.

There are now growing volumes of money to manage, and legal complexity with the advent of player payments, broadcast media rights, player agents and salary caps.

This is the economic reality that is prompting sports organisations around the world (clubs, leagues and federations) – which may have begun with non-profit objectives – to transform themselves into commercial associations, and sometimes shareholding companies.

Other organisations, especially in New Zealand, maintain their not-for-profit

objectives but increasingly operate 'pay for play' events and competitions. This enables them to return their financial gains to further developing the sport and its participants. Whichever way they go, it seems getting a business education is essential to developing sport.

So SPARC's latest Strategy (2010-2015) has a focus on building capability with a best practice approach, and is using the Organisational Development Tool (ODT) for this. This user-friendly, technology-based tool has a five-step process for building capability, based on a best practice model for operating a sports organisation.

The tool guides sports organisations to assess their capability, and also to improve their operation and respond better to market opportunities. This helps them build their organisational sustainability so they can deliver better sports products and services, and grow their customer base (ie more people participating in sport and recreation).

Based on the broad management philosophy of the Baldrige Criteria

*SPARC (Sport and Recreation New Zealand) is the Crown Entity responsible for sport and physical recreation in New Zealand.



for Performance Excellence, the tool contains a series of open questions within six modules.

The questions cover leadership, strategic planning, customer focus, sport delivery, people management and sport management.

For example, a sports organisation might ask itself – what is our competitive advantage, how do we build relationships with our stakeholders, how do we operate with a customer focus, how do we attract/retain customers, how do we plan our marketing, how do we maximise revenue streams, how do we effectively manage our events?

Each of the six modules has the cyclical components:

- Planning
- Implementation (management)
- Performance (measurement & results)
- Future needs (continuous improvement).

The emphasis on each component varies for a national, regional or club organisation.

Strengthening regional sports – case study

SPARC partners with national sport and recreation organisations to develop their capability, and also invests in a network of 17 Regional Sports Trusts (RSTs) around the country. Together, SPARC and the RSTs facilitate local organisations using this tool on the QLBS.com software platform.



In the Taranaki region, Sport Taranaki, an RST in partnership with TSB Community Trust, is using the ODT tool and process as part of their three year

SportsFuture development programme for sports organisations.

The sports currently involved have significant regional potential – with the ability to attract both resident and tourist dollars through events and competition. This all contributes to the growth of supporting retail and service industries and the labour market.

Sports that have gone through the ODT assessment receive an outline of their strengths and opportunities for improvement to prioritise a programme of capability development. They are supported along the five-step ODT process throughout a three-year period, with annual re-measurement using the ODT tool.

Already, achievements include an increase in the numbers and skills of employed staff and volunteers in the sector over the past year.

There are also measurable economic returns to the region, and already an increase in national and international events, such as the TSB Bank Womens' Surf Festival.

Sarah Beaman AECd(NZ), Strategic Reality, is a consultant for SPARC who helped develop the ODT tool and process, liaise with the technology provider, develop and run the nationwide facilitator training, and guide the annual update process.

Direct 'public good' benefits of the ODT include:

- a more objective understanding of current sector capability
- guiding investment into building capability by helping to identify priorities in a measured way
- raising the bar to encourage best practice business in sport.

Indirect 'private good' benefits include:

- helping sport to recognise and respond to market demands
- growing the economic impact and value of sport.

THE SPORTS ECONOMY - VITAL STATISTICS

Sport and recreation make a sizeable contribution to the national workforce. Over 34,000 people, or 1.7% of the national workforce are employed directly in sport and recreation industries and occupations. This is on a par with employment in secondary education and the accommodation sector (1.7% and 1.6% of the workforce respectively).

This figure comes from other work commissioned by SPARC to estimate the value of sport and recreation in New Zealand. The full report on the economic, social and community value will be available in 2011. For further information and updates on this work go to www.sparc.org.nz



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