

NZ too small to pursue fragmented approach to growth

Peter Bryant

The Hi Growth Project 100x100 goal challenges New Zealand to build 100 technology companies in 10 years, each with at least \$100 million in revenue. The government is to be applauded for setting what management guru Jim Collins calls a "big hairy audacious goal."

Can it be achieved? It requires all the stakeholders in government, academia and commercial sectors to put aside their respective agendas and unify their efforts. It needs a single leadership under the banner of the Hi Growth Project goal of 100x100. If this does not happen, I fear there will be an ever-increasing array of programmes, increased confusion among entrepreneurs and a dilution of the significant investment. In the end, everyone will wonder why, with all that money, we did not make it happen.

The obvious question is whether there is a single strategy and defined roadmap by which the government, in collaboration with academia and private enterprise, will achieve this goal and ensure the most effective investment of available resources. On a recent visit to New Zealand many people posed this question to me. There is no single answer, so it is worthwhile looking at some key dynamics and how New Zealand is responding.

New Zealand is a centre of tremendous innovation, world-class scientists and motivated entrepreneurs, all supported by a vast array of government programmes. Is this enough? The answer is a resounding "probably not." Just like Israel, New Zealand has no domestic market. To achieve HiGrowth's 100 x \$100 million goal it must look to the global markets.

A recent report on Israel by leading private equity firm, Wilshire Group says, "For Israeli venture capitalists and entrepreneurs, this necessity to think globally leads the Israeli companies to build the commercial part of the business where the biggest markets are." This has been recognised by all stakeholders.

In fact the NBR editorial of March 26, 2004, titled "NZ should be a flexible flea," demonstrates this when it says, "Dr Cullen's vision for economic growth, as outlined at the boardroom survey event, was based on three points higher skills, improved infrastructure and greater commercialisation of research and development."

The devil is in the detail of executing the plan.

To build a successful company one needs access to world-class technology and products; to markets; to people and capital.

* Access to technology New Zealand is inventing and building world class products. However, New Zealand must double its efforts to build compelling differentiated marketing messages a critical and fundamental ingredient to global success.

* Access to markets we are hampered by the tyranny of distance even in the age of the internet. Israel has overcome this by largely embracing the "export the company" model. This was highlighted in the recent MIT Research conducted for the HiGrowth Project to answer, "How does a company move into new international markets without strong domestic revenues?" To be a success it appears a company must relocate commercial operations to either the US or Europe and make New Zealand its R&D hub. Or ensure there is a strong international distribution channel partnership that enables

companies to successfully grow in New Zealand while achieving global sales. Plus, there must be a strong local economic environment to ensure New Zealand benefits from this growth and doesn't become an incubator to the world without national benefit.

* Access to people New Zealand lacks experienced executives who have successfully taken products and companies globally. However, this can be overcome by hiring people in the US and Europe and having ongoing education of New Zealand-based executives such as at 321Go Global.

* Access to capital New Zealand has a budding venture capital and angel industry but by and large companies do not have access to the capital they need to successfully expand globally. The investment needed to go global is both underestimated, due to lack of knowledge and experience, and not sufficiently available in New Zealand. Also, local entrepreneurs are not savvy in dealing with investors and what is needed to attract sufficient funding.

This may seem a gloomy assessment. My advice is: if Israel can do it so can the Kiwis. It means Kiwis have to be smarter about how they go about it.

New Zealand has created a plethora of government programmes, semi-private incubators, trusts and so on, all acting in a quasi-autonomous manner. However, all stakeholders are careful not to give ground for fear of relinquishing political control and influence. I see this as severely hampering the collaboration so desperately needed. Organisations and companies must rally around and support the HiGrowth Project and give it a fair shot of achieving the "big, hairy, audacious goal" of 100x100. The impact of achieving that goal would be truly significant for New Zealand and see it establish a sustainable development model, attract international capital and create new jobs.

How does New Zealand bring together programmes like Escalator, Beachhead and 321Go Global; world-class incubators such as The Icehouse, T-Up and Creative HQ; various R&D programmes in the government and universities; private enterprise; and supporting service providers to collaborate to achieve the goal? First, this is not just about government it is about a partnership being created among all stakeholders where collaboration is the mantra.

Realistically, the government is the only entity in the position to establish the leadership role.

It has a clear one person/agency head, with the appropriate authority and accountability needed to coordinate all the resources and investment, build the partnership and lead the collaboration and execution. Alas, I suspect politics will never allow this to happen.

The best bet appears to be supporting the government and industry mandate the HiGrowth Project has been given.

New Zealand is too small a country, with limited resources, to continue to pursue what appears to be a fragmented approach that can only encourage waste. The shame is New Zealand has identified all the key issues and has created many world-class programmes to address them. However, the devil is in the detail of the execution.

If The HiGrowth Project is assisted to harness the Kiwi spirit that allowed Hillary to conquer Everest, put aside multiple agendas and differences, then New Zealand has a shot at becoming the next Israel a world-recognised centre of technology innovation and commercial success.

Peter Bryant is the founder and president of TransTech USA. A New Zealander, he has had more than 20 years' experience (the last eight in the US) in the global technology industry both as an entrepreneur and in general management for larger enterprises such as GE Information Services and Computer Associates. He was previously CEO of Clear Technology where he was responsible for directing Clear's global operations. Before that he was president of InfoNow Corporation, a Nasdaq company and a leading provider of Enterprise Channel Management solutions. He is in New Zealand to complete two go-to-market master classes for the HiGrowth Project and NZTE.

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