

A prosperous
successful
winning
New Zealand

By David Irving

Good businesses articulate visions.
A vision is not a restatement of
today; it is the company's view
of itself in the future.

The vision can be a painting,
a story, a poem or any other
communication that succinctly
captures the view. The stakeholders
of the company quickly get it.
It requires little explanation.

Imagine New Zealand as a company. Every New Zealander is a shareholder. Can we, as shareholders of New Zealand, easily agree on a vision? The government is our board of directors. Arguably, government's responsibility is to visualise our future and to enable us to achieve it. This is even more important to us as citizens than as employees of a business. We might change jobs, but we are less likely to change countries.


I believe New Zealand needs a vision. I'm prepared to put in my bob's worth – and it comes in the form of this article.

My New Zealand of the future is prosperous, successful and winning. It is an entrepreneurial

country where achievements are encouraged, recognised and rewarded. We do not lose our inclination to understate, but we do lose our tall-poppy syndrome.

The prosperous and successful are not the few but the many. It is not a rich man's paradise because, for us, rich is "enough", not "plenty".

Economic prosperity contributes to social prosperity. We live well alongside one another, recognising our various contributors. We have empathy with each other.

But what are the components of this vision? What is its make-up? 

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But the reality is not

CLEAN AND GREEN

Firstly, I am a believer in a clean, green New Zealand. This is definitely a position that New Zealand can and should take in the world. Try this for appeal: consumers get better products, businesses make better profits, communities get a better lifestyle. And it's all through using sustainable environmental practices.

It was Dr Tony O'Reilly, chairman of H.J. Heinz Company, who in 1993 first highlighted it for me when he said: "New Zealand should package its extraordinary natural advantages in a manner which can be independently verified and marketed in a way that captures the imagination of the global consumer."

This is what New Zealand can do. We can take a land-based commodity industry and turn it into one that produces products demanded by overseas consumers. That will translate into economic wealth and health, because the community will be better off for the environmental practices, and business and the consumer will benefit.

When we look at New Zealand today, we're a long way from that vision. The overseas perception of New Zealand as clean and green is clearly there. But the reality is not.

From 1995 to 1998 I led a collaborative effort of industry, voluntary and environmental groups to implement Dr O'Reilly's dream. It could have been worth millions to New Zealand. But it floundered, unfortunately, not for lack of belief in the vision, but because of reticent commitment.

The opportunity is not lost and certainly the demand is even stronger. The BSE outbreak in the UK and e-coli in Japan are compelling evidence that consumers care about food safety.

In a world of falling national trade barriers, e-commerce and telecommunications, New Zealand – with its advantages of being small, an island and distant from other countries – can grab the No.1 position for clean and green food.

Taking on such a role requires collaboration and co-operation between the food industry and community players. Despite the fact that we all know one another – a benefit smallness brings – this does not necessarily translate into doing things together.

The industry sectors need to become part of a nation. The kiwifruit, apple, viticulture, dairy, meat and fish industries must collaborate, rather than compete. In fact, they compete only for land use and services.

In world markets, the good reputation of one rubs off on the other, and the bad reputation likewise.

The world food retailing industry is becoming more centralised. A lot of power is in the hands of the Sainsbury's and the Tesco's. Recently, we saw these leading retailers decide for their consumers that they would not sell GM products. And consumers expected them to take that role.

So do we now see "Sainsbury's clean and green food" and "Tesco clean and green food"? Or do we see "New Zealand clean and green food"?

New Zealand should take the lead, not the retailers. We need to make Tesco dependent on New Zealand, not New Zealand dependent on Tesco. Dependency translates into preference and preference translates into money. And prosperity is part of my vision.

KNOWLEDGE EDGE

We have heard the "value-added" story for a long time, yet we have made little progress. In today's and tomorrow's world this means knowledge industries, probably involving both large and agile niche businesses.

The larger ones are in software, communications, health and biotechnology, for example. The less obvious ones are quick, small businesses with global reach that use the new technology as an enabler. An example might be a children’s book publisher in Coromandel.

Whether these businesses are big or small, the common denominator is a knowledge edge that is typically translated into a solution or product that can be multiplied at very low cost.

Software is the classic example. Once invented, it can be replicated at virtually no cost, but its value to each user is high.

New Zealand examples might be yacht design, software, movies and biotechnology.

While these new industries might emerge in their own right, however, New Zealand still has a high dependency on its land-based industries. Where the new knowledge industries become particularly attractive now is where they are applied to our land-based industries.

Imagine the biotechnology industry applied to crops, trees, and livestock to produce phloxera-resistant grape vines, higher and finer grades of wool, or dwarf apples trees. The results? Lower cost management, drought-resistant plants and so on. Now we’re talking.

But even before we inject biotechnology, we can make more traditional value-adding changes to our land-based industries. New Zealand produces too many primary products and not enough secondary products. My old company, Watties, produces both. The money is in the secondary products.

That is where taste becomes the differentiator. Taste preference is a reason to purchase a more expensive alternative. It gives justification for a brand!

A can of whole peeled tomatoes is a primary product, a commodity. But a bottle of sauce is a

recipe; it has a definite taste profile. The kids quickly tell Mum when the sauce isn’t Watties!

New Zealand industry has to move as follows:

From (primary)	To (secondary)
Carcasses and their derivatives	Meat sauces, pet food
Hides	Leather jackets
Logs	Furnishings
Peaches, pears and tomatoes	Baby food, soups, sauces and jams

The interesting thing about food is that the secondary product usually uses waste left over from the primary product. But that’s where the money is!

GOING REGIONAL

My third component of this New Zealand vision is one in which the regions have an increasing role while the centre has a lesser role.

Worldwide, communities rather than nations are becoming the focus of economic activity. This is occurring particularly in developed countries, where national borders are increasingly becoming irrelevant. National irrelevance arises from trade liberalisation, global communications technology and multinational businesses using these advances to increase their global presence and to boost their power over the nation by opening and closing factories, irrespective of national boundaries.

One consequence of reduced national relevancy is that regions of a country have an increasingly important part to play. There is a strong human element here. Most people born in a region still live and die in the same area. Their interest is in their community. ▶

New Zealand produces too many primary products and not enough secondary products

Their success is often tied up with that of the community as a whole.

There are many examples throughout the world of industries that have flourished in regional communities, such as the wine industry that, throughout the world, is recognised for its regional identification. Nationhood has little relevance.

These communities build a pyramid of capabilities where vital interaction occurs between regulator and industry, resulting in more effective business and a high standard of living for the community.

There is no reason New Zealand cannot develop such communities. Our wine industry is certainly emerging in the context of its regions.

Marlborough sauvignon blanc has a worldwide reputation, as does Martinborough pinot noir and (perhaps) Waiheke merlot.

But regional businesses that compete on the international stage do have to overcome the sales and cost disadvantages of their small scale. Wine costs, for example, are heavily influenced by economy-of-scale supply industries such as packaging.

This takes me back to my earlier theme of collaboration and co-operation. The wine companies compete a lot but collaborate only a little. They should collaborate more, form clusters.

Imagine if the smaller companies consolidated their packaging, purchasing and

freight requirements and marketed their product with regional identification.

None of these steps compromises their true distinction, which is their wine itself and their brand. But the collaboration reduces their costs and potentially increases their volume and price.

The pyramid of capabilities goes beyond the wine companies themselves and includes the educators to provide the skilled resource, researchers to provide technology and regulators to enable good business.

The winners: individual wineries, regions and New Zealand as a whole.

Now that we have this regional focus, why not adopt my company theme and ask for a pro forma set of Hawkes Bay accounts? That would be helpful. It would show where the money has come from into the regions, what was earned from wine, apples, livestock, processed food and tourism.

Such knowledge would assist regional planners to give priority to the regional contributors.

Having got the pro forma income, we could then look at where money has been spent on the infrastructure of Hawkes Bay – in health, education, social benefits and so forth.

With this knowledge, the local community could better plan its infrastructure. A business plan for Hawkes Bay may emerge. With the adoption of business-like principles, we'll further increase the alignment between the region and the people within that region.

A GOOD START

That's my contribution to the vision of New Zealand. It is not complete. It is missing several components, including racial harmony and better provision of health and social services. But then I am first and foremost a businessman. There are more qualified people to build those other parts of the vision.

I have painted just part of the picture, written a few lines of the poem. A clean, green country, concentrating on the value-added end of the equation, encouraging entrepreneurs and emphasising the role of the community is not a bad start. It is one step towards a prosperous, successful, winning New Zealand.



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