

BUSINESS – THE BEATING HEART OF NEW ZEALAND

HOW BUSINESS CONTRIBUTES TO THE
PROSPERITY OF OUR COUNTRY – ITS ECONOMY,
ITS PEOPLE, AND OUR PLACE IN THE WORLD.

BusinessNZ 
The voice of business



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POWERING THE COUNTRY

NEW ZEALAND'S BUSINESS IS EVERYONE'S BUSINESS, BECAUSE IT AFFECTS ALL NEW ZEALANDERS.

The wider implications of successful business, in providing high-value goods and services, go beyond generating income growth for business owners and staff. They generate a ripple effect throughout the whole economy, raising prosperity and growth, and the overall standard of living in New Zealand.

When business is going well, it affects the wellbeing of our economy, our environment, our communities, our jobs, our families and our futures.

Some of the benefits of business to New Zealand's economy and society are relatively obvious – such as taxes as a source of government revenue which can be used to provide facilities and services in our communities including roads, transport, infrastructure, healthcare and education. Private businesses can make direct investments into such facilities and services as well.

However, not all contributions are as tangible or easy to measure. Other ways in which business contributes to society and the wealth of the nation include:

- › Creating jobs
- › Up-skilling, developing and rewarding staff
- › Providing leadership
- › Translating great ideas into successful businesses
- › Harnessing innovation to deliver unique tools and services
- › Identifying and exploiting new markets
- › Delivering profits that are invested and spent in New Zealand
- › Sustainably managing our natural resources
- › Recognising its wider responsibilities to the community

This publication looks at how business contributes to the prosperity of our country – its economy, its people, and our place in the world.

It tells the story of some of New Zealand's best-known companies and how they are contributing to growth and developments in technology, infrastructure, innovation, exporting, sustainability, skills, investment and international competitiveness – and what this all means for New Zealand.



INNOVATION OPENS DOORS

GREAT IDEAS AND INVENTIVENESS ARE SOME OF THE ATTRIBUTES OF MANY OF OUR MOST SUCCESSFUL KIWI FIRMS, AND THE KEY TO STAYING AHEAD IN THE MARKETPLACE.



Being world class innovators helps keep Kiwi businesses internationally competitive. This involves identifying and exploiting new markets, raising global standards, and continually evolving to deliver new products and services.

There are many examples of success. Xero, the Wellington-based software company, has broken the \$4 billion barrier and currently tops the 100-strong list of Forbes' Most Innovative Growth Companies in the world.

However, there are areas where Kiwis could do so much more and reap even greater rewards.

Sir Ray Avery points out that New Zealand's innovators are being held back from global recognition because they are isolated and have a tendency to be understated about their success. Despite having proven leadership in global innovations in medicine, technology and space explorations, Kiwis tend to shy away from the spotlight.

Much of our innovation is left under-developed and under-utilised. We need to get better at commercialisation.

Organisations such as the Callaghan Innovation network are helping with this goal by providing R&D support to firms. This includes working with businesses to develop new sciences and technologies, and turning ideas into new products, services and new ways of working.

CEOs that are orientated towards growth, externally focused and looking to their employees to serve their customers and markets, are most likely to be innovative. Most commonly, they're delivering new or significantly improved goods and services, processes or marketing methods.



PHOTO: CHRIS WILLIAMS



PHOTO: CHRIS WILLIAMS

BEING INNOVATIVE DOES NOT NECESSARILY REQUIRE REVOLUTIONARY THINKING. IT COULD BE ABOUT SMART THINKING.

Innovators are more likely to perform growth activities such as exporting, investing in expansion or research and development.

Asked about their competitive advantages, CEOs rated personal attention, established reputation and responsiveness to client needs as their most important. The business leaders who put priority on growth identify four things as crucial:

- Maximising current and future returns
- Contributing to the wellbeing of stakeholders
- Increasing the value of the business
- Creating something new and distinctive

Being innovative does not necessarily require revolutionary thinking. It could be about smart thinking – for example, how to turn our primary produce into higher value exports through great ideas, local expertise and finding viable overseas markets.

The global financial crisis encouraged such smart thinking, resulting in many New Zealand companies taking stock and adjusting their levels of activity and investment, products, services and the way they do business. They got themselves into a fit state to survive the difficult times and ready to invest and expand when economic conditions improved.

As you'll see in the case studies, New Zealand businesses have proven neither size, lack of capital, nor a relatively small economy are obstacles to delivering products, service and infrastructure to the highest global standards, when innovative thinking is employed.



BENEFITING THE COMMUNITY

SUCCESSFUL BUSINESSES HAVE A SYMBIOTIC RELATIONSHIP WITH THEIR COMMUNITIES. STRONG PERFORMANCE HAS A DIRECT IMPACT BY IMPROVING LIVING STANDARDS FOR INDIVIDUALS AND SOCIETY.



PHOTO: CHRIS WILLIAMS

The most obvious benefits of business to the community are the creation of jobs and the payment of taxes, as well as distribution of profits to shareholders.

Companies are also increasingly recognising the importance of their part in creating healthy and safe communities by directing funds into skills development programmes, local charities and other good causes. Some have adopted the view that investing heavily in both staff and the wider community is essential to long-term sustainable growth.

Of course, as commerce grows, so does the need for skills.

PwC's report *The talent challenge: Adapting to growth* surveyed over 1,300 CEOs in 68 countries, including 43 New Zealand CEOs, and showed 80 percent of New Zealand CEOs saying the availability of key skills is the biggest threat to their organisation's growth, compared to 63 percent globally, with technology and engineering firms struggling the most with the shortage of skilled employees.

PwC New Zealand Chief Executive Officer Bruce Hassall says, "The gap between the skills of the current workforce and the skills businesses need to achieve their growth plans is widening. Despite rising business confidence equating to more jobs, organisations are struggling to find the right people to fill these positions."

The demand for employees with high levels of skills is very evident in the technology area. Chief executives say much more needs to be done to demonstrate to high school students the multiple opportunities and job gateways open to them. Our education system needs to recognise, for example, that as smart technology companies grow, so does the demand for computer science students.



PHOTO: CHRIS WILLIAMS

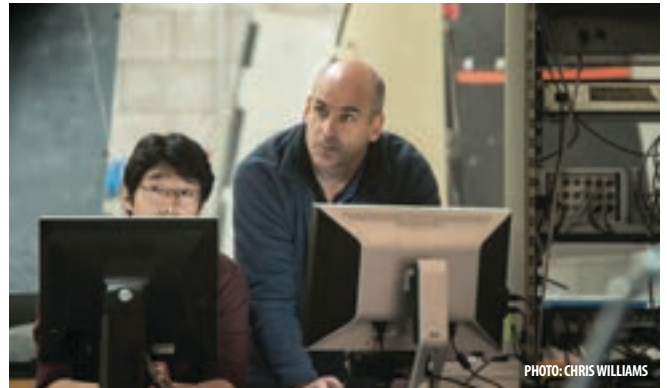


PHOTO: CHRIS WILLIAMS

EMPLOYERS ARE BECOMING MORE AWARE OF THE PART THEY HAVE TO PLAY IN ENSURING YOUNG PEOPLE ACHIEVE THE SKILLS THEY NEED TO SUCCEED IN THE WORKFORCE.

Employers are becoming more aware of the part they have to play in ensuring young people achieve the skills they need to succeed in the workforce. They are showing more support for education and training, and collaborating more with educational institutions and others.

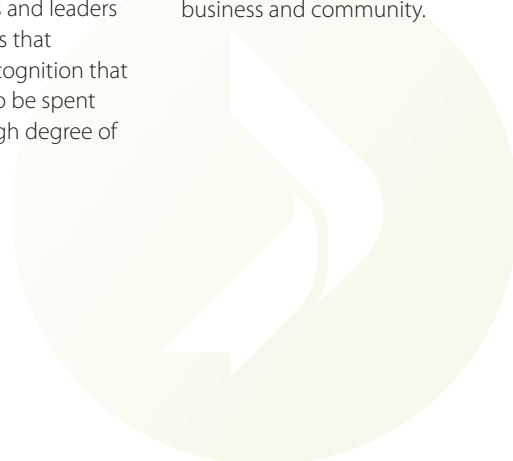
Along with a growing demand for skills, in turn, growing commerce also delivers higher levels of taxation revenue that allows governments to maintain and enhance public services. This includes infrastructure such as roads, bridges and a rail network, building, maintaining and staffing hospitals, schools and tertiary institutions, and paying salaries, welfare benefits and pensions.

The bulk of that revenue comes from businesses – including company tax, PAYE, GST and many other fees and levies collected by central and local government.

Most years the Government collects over \$20 billion in income tax (much of it from the private sector), \$10 billion in corporate tax, \$15 billion in GST, as well as contributions to superannuation, ACC and more.

Business owners and leaders welcome actions that demonstrate recognition that income needs to be spent wisely, with a high degree of accountability.

Overall, more businesses are helping to ensure their communities are physically, financially and socially healthy. This includes helping to boost local charities and other good causes with grants, and encouraging staff and customer engagement. This movement is motivated by business leaders recognising the importance of the public good aspect of their roles, and the need to create outcomes that benefit both business and community.



MAKING A DIFFERENCE



COMPANIES THAT TAKE THESE OBLIGATIONS SERIOUSLY ARE MORE LIKELY TO CAPITALISE ON IMPROVED ECONOMIC CONDITIONS.

Business today identifies greater obligations and responsibilities than at any other time in history.

In addition to making profits, creating jobs, investing and expanding, companies are also charged with providing safe and healthy workplaces, using fair and equitable work practices, ensuring they are environmentally sustainable and having sound governance processes.

These requirements are essential for a company's reputation, the attraction and retention of staff and shareholders, the willingness of business partners to work with it and to enjoy the confidence and support of the community (also known as a "social licence to operate"). They are also reflected in the legal framework under which businesses operate.

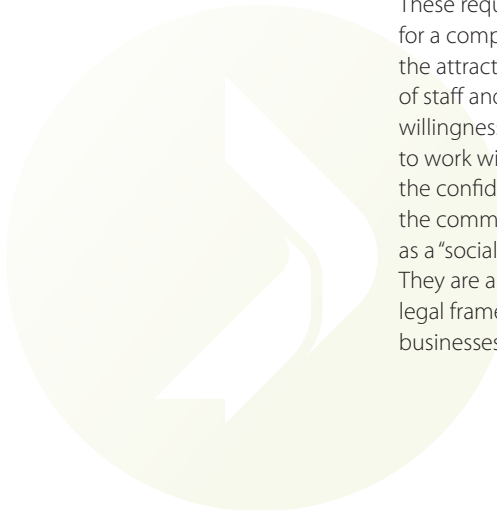
For businesses that have been running for years these requirements can mean big changes to the way they have been operating, putting greater emphasis on programmes that deliver better results.

These programmes could include employment diversity schemes and policies, structured recycling programmes, and health and safety regimes that change workplace cultures while ensuring strong governance and oversight is maintained.

Such activities help drive greater employee participation, ownership and responsibility, help reduce waste and cut overheads, and help to ensure the best people are recruited and well treated, and that management is kept accountable.

Companies that take these obligations seriously are more likely to capitalise on improved economic conditions, delivering better results to all stakeholders.

Likewise, there is an opportunity for entirely new businesses to be created based on these new responsibilities and for more established companies to capitalise on the momentum.



INSPIRED BY SUCCESS

PHOTO: CHRIS WILLIAMS

TECHNOLOGY IS ANOTHER AREA IN WHICH BUSINESSES ARE CONTRIBUTING WORLD-LEADING SOLUTIONS.

PHOTO: CHRIS WILLIAMS

There are many ways that business contributes to life in New Zealand:

- Supplying the infrastructure needed for modern transport and communications
- Developing new digital products that are transforming work and leisure
- Invigorating our primary sector with new business based on traditional agricultural strengths
- Earning export income from innovative products irresistible to overseas markets
- Growing skills and equipping New Zealanders to contribute to economic life
- Investing in communities through engagement with young people, charity work and helping fund start-up companies
- Demonstrating diversity and inclusion in hiring policies

- Taking the lead on recycling and sustainability
- Helping to fund New Zealand's economic base through taxes, royalties and other contributions

A number of New Zealand companies are contributing in not only one, but many of these areas.

The case studies provided in this booklet highlight some of the diverse challenges, circumstances and achievements of some well-known businesses, and the difference they each make.

From the world-class infrastructure that's being delivered by Opus to the massive export potential that's being tapped into by Pacific Aerospace, it's clear that innovation is still the key to cementing our highly-regarded position in world trade.

Technology is another area in which businesses are contributing world-leading solutions, as seen with Orion Health. The next time you visit a hospital, here or overseas, there's a high chance it will be their software that's being used.

Also making waves in the global health sector is Mesynthes, a small business that has created a high value product to treat and repair wounds. Rapid growth has seen them grow from a staff of one to almost 40, with international partnerships and new products already in development.

Hawkins provides a strong example of the impact business can have on community. They're tackling the skills shortage head on in their efforts to develop the next generation of skilled workers. Ngai Tahu are working with them, as part of their own initiative to foster high-level talent within their own community.

To see how this feeds into long term, sustainable growth you only need to look at The Warehouse, who have made investment in community a key part of their business and financial plan.

There are many examples of business working to make a difference in the environment. Some of them have been doing so for much longer than we might imagine, as is evident in the case study on O-I Glass. They've been in business since 1922, and leading recycling initiatives in schools for the last 30.

That same commitment applies to businesses wanting to improve our working environment also. Fujitsu has been described as a shining example of welcoming diversity and creating opportunities for an increasingly wide range of New Zealanders.

OPUS ACHIEVING GLOBAL GROWTH IN INFRASTRUCTURE.

DAVID PRENTICE *CHIEF EXECUTIVE*



When it comes to a New Zealand company forging a reputation for global expertise, infrastructure giant Opus International Consultants Ltd is often one of the first to come to mind.

Once a government department – the old Ministry of Works and Development – Opus has grown as a privately owned company to be a major player in its field. It's involved in major asset management projects and the construction of bridges, tunnels, roads, rail links, managing water supplies and other work in multiple countries.

It has a massive 3000 staff worldwide based in 91 offices, with 1200 in New Zealand scattered among 40 offices. Opus's international bases can be found in the United States, Australia, and the United Kingdom along with work in Mozambique, Liberia and other countries. Its 12,000 clients are served by talented engineers, designers, planners, researchers and advisers.

Typical Opus projects include: a seven-year, multi-million pound joint venture contract for management of the Hertfordshire County Council in England's highway network, and a five-year contract to help manage highways in Motor City, Detroit, Michigan.

The quality of Opus's work has received international recognition. It won an Award of Merit from the International Federation of Consulting Engineers for its work spanning more than 100 years, including special recognition of its work on the Britomart Transport Centre in Auckland.

Leading Opus is Scotsman David Prentice, who joined the company as an engineer in 1997 in response to a recruitment drive aimed at securing 100 people. The drive only netted 20 and the plan was for the young engineer to work in Malaysia, but plans changed and he ended up in New Zealand.

On arrival in New Zealand, Prentice found a lot of similarities in infrastructure issues between here and the UK, but affordability was an issue.

"It was the same except that here we have four million people, not 60 million, and we still need to provide the same roads, ports and other infrastructure. The reliance on the transport network is even greater than the UK but without necessarily the economic strength to achieve all the improvements," the chief executive says.

The company has undertaken major growth, organically and by acquisition. The latter includes the merger with Canadian consultancy Stewart Weir which has added 550 staff to Opus's existing numbers in Canada. Stewart Weir is a market leader in pipeline, infrastructure and energy projects in the province of Alberta.

Other recent acquisitions include Australian-based rail engineering consultancy Coffey Rail Pty Ltd and Asia Pacific Rail Pty Ltd, as well as the North Vancouver-based engineering consultancy Dayton & Knight.

The key to the acquisitions has been linking with companies that share the same vision and values as Opus, including a drive for technical excellence.

Opus has developed global expertise in fully integrated asset development and management services. These include concept development, planning, detailed design, procurement, construction, commissioning, operation, maintenance, rehabilitation and upgrading.

In its home country, Opus's current work includes the Government's Roads of National Significance programme and the rebuilding of Christchurch where it has its biggest office, comprising 230 staff.

The company forms part of the Stronger Christchurch Infrastructure Rebuild Team consortium of five major contractors, and has about 20 people seconded to that team. They have been working on the horizontal infrastructure to repair and replace so the vertical rebuild can take place.

Attracting and retaining top talent is proving to be a problem. Opus has been recruiting hard in Christchurch to keep up with demand, but there are still significant shortages of engineering specialties. To address this, the company is developing a robust talent attraction system.

"HIGH PERFORMANCE MEANS NOT BEING SATISFIED WITH THE STATUS QUO, BUT HAVING THE PASSION TO CONTINUOUSLY RAISE THE BAR."

David Prentice
Chief Executive

Prentice says Opus has ambitious plans for growth that could see the company reach 10,000 staff by the year 2020. A continuous business improvement programme with a specific focus on high performance is delivering good results. His leadership and appetite for fundamental long-term improvement is keeping the momentum going.

"High performance means not being satisfied with the status quo, but having the passion to continuously raise the bar," he says.

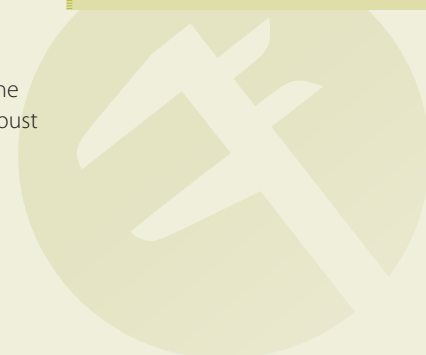
Opus's focus on developing a high performance culture encourages leadership behaviours not just among senior leaders but throughout the company.

SNAPSHOT

COMPANY: OPUS INTERNATIONAL CONSULTANTS LTD

BASED: WELLINGTON

WORK: INFRASTRUCTURE DEVELOPMENT CONSULTANCY



ORION HEALTH KIWI SOFTWARE AT A HOSPITAL NEAR YOU.

IAN MCRAE CHIEF EXECUTIVE



One day soon the healthcare system will allow patients to make key care decisions themselves, supported by research, educational materials and a guidance network of healthcare professionals and their families.

The company proposing that exciting future is Orion Health, a New Zealand health software company that is a world leader in its field with 300,000 clinicians in 35 countries using their intuitive products to improve clinical workflow, decision making and patient care.

Orion Health, an independently owned global software company that interconnects a wide variety of healthcare information systems, was founded in 1993 by Chief Executive Ian McCrae. He remains the largest shareholder, with 60 percent of the company.

"We provide a range of health software – including patient records, laboratory results, pharmacy, medical records, scanning, clinical work flow, and invoicing," McRae says.

"When I started the firm we were IT developers with one simple product that did health messaging. We did come up with other products, but focused on health.

"Back then we thought that if we could get a couple of million dollars in turnover that would be fantastic. We're doing \$150 million this year.

"As our portfolio grew, we became a full vendor in the health area doing most things. We started off in the New Zealand market and in two or three years moved on to the United States, Australia and the UK."

The company struggled in the early years but in recent years growth has ranged between 10 and 50 percent a year. The growth is reflected in staffing with more than 400 new staff taken on recently.

The medical and pharmaceutical industry is intensely competitive. Orion's strongest competitors are large American companies with deep pockets, including Cerner and Intersystems.

So are we talking about an accidental empire like Apple in the health industry?

"No we're not like that. It's taken 21 years of pretty slow and deliberate growth to get to where we are. We went from turnover of \$100,000 to half a million, to a million, then two, and we keep resetting our goals. Our next goal is to achieve the \$200 million mark."

McRae attributes the growth to the company's preparedness to change and to restructure as staff numbers climb.

"One of the things that holds us back is getting enough people with the right leadership experience and talent. They're in short supply. We have limited numbers of such people in New Zealand and it's quite critical to our growth. A few come out of the ranks but we're always looking both locally and internationally."

In a company so reliant on good people to create, implement, test, document, analyse and support the company's products, there is the broader problem of not having a big enough skilled workforce.

McRae points out that technology is a great space to be working in – there's no effect on the country's natural resources and minimal environmental impact.

"We have taken a deliberate step back to our origins by putting entrepreneurship and ideas at the head of our priorities. When we first started we had 20-30 people who came up with new ideas. Then we got bigger and had to support customers, and so innovation slowed down. We want to pursue ideas because innovation is the core of our business.

"Health is going to go through more massive change – within the next decade the use of mobile devices will be phenomenal and we will soon be able to give patients access to their medical records. The products we have today will be superseded twice in the next decade."

Asked if Orion adopts Google-type half or full days for creative thinking, McRae says they run a Scratcharama Week (he doesn't know why it's called that) three times a year, where the developers get to focus on things they want to do and some crazy ideas come out.

Orion is working hard to lift the profile of computer sciences in schools and to get universities to give the subject greater prominence. McRae says that currently computer science is lumped in with other optional trades such as metalwork and woodwork.

"WE ARE PASSIONATE ABOUT SHARING OUR SKILLS AND KNOWLEDGE WITH THE NEXT GENERATION OF KIWI IT PROFESSIONALS."

Ian McRae
Chief Executive

Consequently, many students with a technical bent head for physics and biochemistry where there are fewer jobs.

As part of its push in this area, Orion is providing Raspberry Pi mini computers for schoolchildren. The idea is to inspire and motivate children to think about computer science as a viable subject.

"We are passionate about sharing our skills and knowledge with the next generation of Kiwi IT professionals. We recognise that high school students are not simply users of computers, but producers of digital content. We want to support them in becoming the creators of digital tools for the future," McRae says.

McRae says the industry has done a poor job in telling students and parents about the opportunities in the field. The image is of everyone working in code cutting, but in fact only 20-30 percent of jobs are in writing code.

SNAPSHOT

COMPANY: ORION HEALTH
BASED: AUCKLAND
WORK: HEALTH SOFTWARE AND CONNECTIVITY

HAWKINS COLLABORATION IMPROVES EMPLOYEE SKILLS.

NANCY McCONNELL *GROUP MANAGER COMMUNICATIONS*



Hawkins Group is a family-owned construction business founded by builder and entrepreneur Fred T Hawkins more than 65 years ago.

It directly employs 650 people, but uses the services of hundreds of subcontractors across the sub-trades on every project the company is working on.

Hawkins Construction, one of three subsidiaries, has recently completed the design and construction of New Zealand's first private-public-partnership (PPP), Hobsonville schools project in Auckland, plus substantial buildings at Middlemore and Waikato Hospitals, and redevelopment of Christchurch's international airport.

Hawkins Infrastructure's planned work includes the \$100m joint venture electrification of the Auckland rail network, a roading flyover in Port Moresby, Papua New Guinea, and with international partner OHL is the preferred bidder for the \$250m Ruataniwha water storage project in Hawke's Bay.

The company is proud of its green star reputation, including building the first six-star green star rated building in New Zealand, the Christchurch Civic Building. This involved the redevelopment of the 1970s purpose-built former NZ Post building for 1250 council staff.

Hawkins' collaborative approach to skills training and education has won strong plaudits inside and outside the industry.

Nancy McConnell, Group Manager Communications, Brand & Community, says playing a role in construction industry skills development is a big priority for Hawkins. She is at the forefront of an eight-year Hawkins partnership with Papakura High School aimed at improving student achievement, focusing on why 47 percent of students leave without NCEA Level One and identifying how this could be changed.

Through working with the school, employers and tertiary education providers, a pathways model has been developed through which students can choose a number of flexible vocational pathway streams, as well as traditional academic streams at the equivalent of NCEA Level 2 learning – construction and infrastructure, hospitality, health and sports science and the services.

"It is still in its infancy, but we are learning that students need to be introduced to this approach in their first year of secondary school so they are aware of career options that suit their natural talents, motivations, interests and aspirations, and can make the right choices."

McConnell says her company identified the need to foster a greater understanding of all the pathways the construction industry offers from pre-construction to completion.

"Each commercial construction project is a small business in itself and includes construction, management, and business skills. Hawkins is like the overall project manager, managing relationships and expectations with consultants and subcontractors from architects to structural engineers, carpenters, plumbers, services engineers and fit-out specialists.

"Construction offers fantastic opportunities for students to run their own businesses. We need to help teachers and parents understand that a pathway to a trades career is a great one and is career enhancing, not career limiting. We also need to ensure schools deliver what students need to become great tradespeople and business people."

Prompted by predictions of a labour shortage for the Canterbury Earthquake recovery, coupled with the desire to foster employment opportunities for local Maori in the Canterbury region, Hawkins signed a memorandum of understanding with the largest South Island iwi, Ngai Tahu. Its aim is to build Maori capability and leadership in the trade workforce for the Christchurch rebuild.

This has resulted in Hawkins' involvement with He Toki ki te Rika (He Toki), a collaborative, iwi-led, Maori trade training initiative with Christchurch Polytechnic, focused on building Maori capability and leadership within the trades workforce for the New Zealand construction industry.

It's available for all Maori, not just Ngai Tahu, and the focus is on working with Maori who are keen for work in the trades, providing practical pre-trades skill-based modules, a distinctly Maori flavour reflecting culture and values, work readiness skills and pastoral care (pre-enrolment, during courses, and at a job stage). It's also about identifying and helping those with leadership potential to move forward.

Eru Tarena of Ngai Tahu says the tribe's Treaty of Waitangi claim was about re-establishing an economic base and overcoming inequality.

"CONSTRUCTION OFFERS FANTASTIC OPPORTUNITIES FOR STUDENTS TO RUN THEIR OWN BUSINESSES."

Nancy McConnell
Group Manager Communications

Several hundred Maori each year are now being given the opportunity to be involved in the trades through He Toki.

McConnell says: "Supporting and celebrating Maori success in our industry is essential, because Maori success is New Zealand's success in terms of the economy and social achievement.

"He Toki has 250-300 enrolments each year and it's had a big impact on the Maori achievement rate. It's about preparing Maori for employment through pre-trades courses in carpentry, plumbing, plastering, painting, electrical, welding and also extending support during their employment journey.

"He Toki focuses on learning, employability, building trust and a collective sense of belonging. Our next steps are towards a group apprenticeship scheme to enhance leadership development and pathway opportunities to other construction career openings in construction management and supervision, or quantity surveying."

SNAPSHOT

COMPANY: HAWKINS GROUP (INCLUDING CONSTRUCTION, INFRASTRUCTURE AND HARKER UNDERGROUND CONSTRUCTION)

BASED: AUCKLAND
WORK: SECOND LARGEST CONSTRUCTION COMPANY IN NEW ZEALAND

PACIFIC AEROSPACE CONQUERING OVERSEAS SKIES.

DAMIAN CAMP CHIEF EXECUTIVE



An exciting commercial venture into China comes in the form of the P-750XSTOL XL 154 – or the P-750 for short.

The numbers and letters stand for Pacific Aerospace's multi-use aircraft, and while they don't resonate quite like a 737, the Hamilton company has made a \$75 million breakthrough into the fledgling Chinese aviation market.

The company, which traces its roots back to 1949 and the early aircraft it manufactured for topdressing, has had a rollercoaster ride over the years. This includes seeing out the purchasing slowdown caused by the global financial crisis, during which time it scaled down staff and sought to ride out a tough financial period.

Less than a month after disclosing the Chinese joint venture deal, Chief Executive Damian Camp was proudly showing HRH Prince William around the Pacific Aerospace facility. The Prince, an experienced air force pilot, showed much interest in the P-750 as he cut the ribbon on the brand new Mark III P-750, a multi-role, quick-change aircraft, the first of its type in the world.

The P-750 sets a benchmark for 10-seater utility aircraft. Its claim to fame is that it can take off and land in less than 244 metres even in hot conditions; has low maintenance requirements; can operate off semi-prepared airstrips in all types of terrain; and can carry a load of 2000kg even in warm and high conditions.

The aircraft can carry passengers on one flight and 30 minutes after have the seats removed and stored in a rear compartment, making the full cabin and cargo pod available for carrying freight on the return leg. Its versatility is such that it can be changed quickly between 10 different roles including passenger, freight, skydiving, ambulance duties, aerial surveying, crop dusting/spraying and firefighting.

The joint venture in China is the fruition of two years of work.

"China is coming off a low base in aircraft ownership and use. There are opportunities for aviation. This will be the largest growth market. We recognised that some time ago and started preparing for it," Camp says.

Pacific Aerospace has to go through a certification process with civil aviation authorities whenever it wants to do business with another country, so it needs to prove its aircraft's airworthiness through a stringent programme. Fourteen countries have given the P750 approval.

Securing the joint venture with Beijing Automotive took two years and many visits by Camp and his directors, meeting with representatives of regional government, private companies and state owned enterprises.

"We wanted to identify who would be a good partner for us. It needed to be a strong partner – the deal needed to have a proportion of Chinese content, including manufacturing, but more importantly had to have a strong sales focus.

"You have to have good connections and strong relationships to access a broader market. Fortunately our board chairman has been going to China six to eight times a year over the last 23 years. Another director is Chinese born, understands both cultures and is able to help us interpret the Chinese market, ensuring we're not going in blind.

"We didn't have to do this for the certification programme – they came to us. Our travel to China has been for business development."

Camp says Pacific Aerospace is made up of design engineers, technicians and fitters, skilled metal workers and a network of sub-contractors, but at its core is its closely guarded intellectual capital.

"WE WANTED TO IDENTIFY WHO WOULD BE A GOOD PARTNER FOR US. IT NEEDED TO BE A STRONG PARTNER – THE DEAL NEEDED TO HAVE A PROPORTION OF CHINESE CONTENT, INCLUDING MANUFACTURING, BUT MORE IMPORTANTLY HAD TO HAVE A STRONG SALES FOCUS."

Damian Camp
Chief Executive

Staff numbers have increased from 100 to 120 in the last 12 months as the opportunities beckon in Russia, Indonesia, and other countries. Competition is tough, though, from the likes of American giant Cessna and others.

Pacific Aerospace adopted a lean manufacturing programme six years ago and the results are impressive – increasing production capacity by 40 percent without large capital outlays, reducing waste, continuous improvement, and staff who are engaged and important contributors to the business.

SNAPSHOT:
COMPANY: PACIFIC AEROSPACE
BASED: HAMILTON
WORK: AIRCRAFT MANUFACTURER



NGAI TAHU HOLDINGS TRIBE INVESTS FOR THE FUTURE.

MIKE SANG *CHIEF EXECUTIVE*



Even today the public perception of Treaty of Waitangi settlements is limited to a resolution of Maori grievances over land and other assets that date back more than 170 years. It seems little is known about what happens next.

In the case of Ngai Tahu, the South Island's biggest tribe has moved on from its historic \$170 million cash settlement in 1996. The focus is on investment to create jobs, opportunities and wealth for its more than 51,000 members.

Ngai Tahu has a proud history of commerce and trade reaching back hundreds of years. Prior to 1840 and the signing of the Treaty of Waitangi, Ngai Tahu underpinned the inter-tribal trade in pounamu and later embraced international commerce through strong involvement in New Zealand's early whaling and agricultural industries.

Today the tribe has some clear objectives:

- Increasing shareholder equity and expanding the commercial asset base
- Providing annual cash returns to marae through the tribe's charitable trust to facilitate social, cultural and environmental initiatives
- Growing the businesses for future generations
- Developing future strategy and assessing opportunities

Ngai Tahu Holdings Corporation, the commercial arm of the iwi, has a diversified portfolio of investments including seafood, farming, property and tourism, which Chief Executive Mike Sang says are performing very well.

In property, the company has strong residential subdivision investments, a quality portfolio of investment property, and rural development turning land from forestry to farms. The company is a leading fisher and exporter of seafood, particularly rock lobster, most of which is exported to China. The tourism sector has had a tougher time but growth is evident.

"We have primarily directed investment into businesses that we own 100 percent. The exception is Ryman which we have five percent of. We look at the long term potential of the investment. We look for companies that have a fundamental underlying strength and a positive outlook.

"We look for investments that leverage broader benefits for our Ngai Tahu whanui," Sang says.

"Many of our fishermen are Ngai Tahu and we're working hard to create opportunities for those interested in farming."

The investments must be line with the tribe's aspirations and priorities – "for instance, we would not invest in gambling, smoking, or weapons manufacture. These would not be in line with Ngai Tahu values."

The investment arm provides education scholarships, funds a cadet scheme and fosters a governance programme.

"We hire the best people but also aspire to help Ngai Tahu people take roles on their own merit."

With total investments now reaching one billion dollars, the organisation is well placed to support distributions. To date, approximately \$300 million has been distributed to support educational, environmental, cultural and social programmes with a record \$36 million being distributed this year.

"WE LOOK AT THE LONG TERM POTENTIAL OF THE INVESTMENT. WE LOOK FOR COMPANIES THAT HAVE A FUNDAMENTAL UNDERLYING STRENGTH AND A POSITIVE OUTLOOK."

Mike Sang
Chief Executive

"Ngai Tahu has set itself aspirations and visions to 2025. That's not too long-term but enables a platform to be developed. We have been going 15 years, but it took seven generations to pass before we got to that stage. We have to ensure that our programmes are in line with the expectations of our members."

Sang also acknowledges the massive amount of volunteer work that is done within Ngai Tahu.

SNAPSHOT

COMPANY: NGAI TAHU HOLDINGS

BASED: CHRISTCHURCH

WORK: OWNS SUBSIDIARIES IN SEAFOOD, PROPERTY AND TOURISM



MESYNTHES A LOT MORE THAN A STICKING PLASTER.

BRIAN WARD *CHIEF EXECUTIVE*



Using animal tissue to repair human beings' body wounds is a product that is taking the American medical market by storm.

Mesynthes and its Endoform Dermal Template product, which originates from a layer within the lining of the forestomach of sheep, has been approved by the American Food and Drug Administration for the treatment of wounds.

The chief executive of the business, Brian Ward, a veterinary surgeon by trade, has developed the product and grown the company since founding it in 2008.

He describes the company as a technical developer and manufacturer of high value products – "It's about innovation and capturing value.

"The product I developed was a medical product for soft tissue repair. It's for wound care and also has a surgical application.

"Basically we use animal tissue that is purified so it can be used for grafting on humans. If you treat it in the right way it will be well tolerated by people for tissue repair."

In his research Ward found there were a small number of animal based tissues that had shown promise. Finding the right type of tissue was the challenge. "My job was to identify the source material and to investigate its biological composition that would provide the right healing properties.

"When I first started, it was just me. I leased some space at what was then Industrial Research and contracted two of their scientists to look after the processing. It took about six months' work. Then I employed a PhD student and a director of science and he expanded the development team."

In the first three years of development Ward relied on seed capital from angel investors in Auckland and Wellington to keep going.

From the outset the company, while based in New Zealand, has focused on the huge US market.

"The development work and clinical work is done in New Zealand, but our target was the most sophisticated overseas market with the highest regulatory barriers. We went for FDA approval because we wanted to run the business at the standard necessary for it to succeed internationally."

Once approval was received, Ward went looking for a commercial partner that could provide sales and marketing expertise, choosing Hollister, a Chicago-based company that specialises in ostomy and wound care.

"We are using an American partner because it has a sales force and can concentrate on marketing the product, which it does for wound care in hospital outpatient clinics and doctors' clinics.

"We see a \$200 million opportunity for that product. We believe our product can be the market leader in the category. It's very early in the process but it has been really encouraging. Our US partners are very excited about the growth prospects.

"An ageing population and the increase in diseases such as diabetes will fuel demand for the product.

"We started manufacturing and selling in 2013. When our seed capital ran out we had a number of finance-raising rounds – so for the first years the company operated with no income, surviving on the investor funding."

Over the first four years the staff built up to 10-12, but has recently increased to 35-40 as sales have taken off. Managing such growth can be a challenge but Ward, who has an MBA and has worked for corporates in the medical and pharmaceutical fields, has stayed on top of developments.

A second product is now in development.

"It's currently going through the FDA regulatory process. It's a product to be used in serious surgical procedures. There is a large market opportunity."

The US is the starting point, and Canada and Europe will be next.

As for selling in his home country, Ward said that concentrating on New Zealand would have taken a lot more resources and would be a distraction when a much larger market beckoned.

"But we will look to sell in New Zealand because our product can benefit patients here."

He says he has a very supportive board with a great network of people who have experience in medical ventures.

Being recognised for its pioneering work has been helpful, with Mesynthes winning the Discovering Gold and overall Supreme awards at the annual Wellington Gold Business Awards.

"THE DEVELOPMENT WORK AND CLINICAL WORK IS DONE IN NEW ZEALAND, BUT OUR TARGET WAS THE MOST SOPHISTICATED OVERSEAS MARKET WITH THE HIGHEST REGULATORY BARRIERS."

Brian Ward
Chief Executive

Now the company is based in Auckland.

"We had a situation where we had limited space to manufacture and had to expand very rapidly. We had to find new premises and build and move quickly to meet the timelines of our American partners.

"We did not find anything suitable in Wellington and so started looking in Auckland.

A lot of our supply and service providers are in Auckland, there is a larger pool of talent and knowhow there – you are better able to find people with the sort of experience we need."

The company is recruiting overseas talent as there are not enough qualified New Zealanders available.

SNAPSHOT

COMPANY: MESYNTHES

BASED: AUCKLAND

WORK: SOFT TISSUE REPAIR PRODUCTS

O-I GLASS A RECYCLING SUCCESS STORY.

PENNY GARLAND SUSTAINABILITY MANAGER



O-I Glass is New Zealand's only glass container manufacturer and is the country's largest user of recycled glass.

Not surprisingly, the New Zealand branch of a multinational company that has 22,500 people working at 77 plants in 21 countries, is passionate about the sustainability of glass, which has a lower carbon footprint than PET plastic.

The company achieves an average recycled container content of 66 percent through its use of recycled glass, known in the industry as cullet.

Its sustainability drive sees O-I plants being given 10-year global sustainability goals including lowering energy consumption by 50 percent and reducing carbon dioxide-equivalent emissions by 65 percent.

Sustainability Manager Penny Garland admits she could talk all day about O-I Glass's drive to recover glass from the waste stream and ensure it can be used again.

In New Zealand, the company has been operating since 1922 under the names ACI, AHI and O-I. During the Second World War, with a shortage of imported materials, teams of people would scour the waterways looking for beer bottles that could be recycled.

O-I NZ employs 250 people at its Auckland facility that has three furnaces and six production lines. A \$US85 million furnace to support the growing beer and wine industries was built and opened in 2010, at a time when other companies held on to their investment money during the global financial crisis.

The company introduced a major national glass reclamation system in 1973, introducing the "submarine" yellow bottle banks in various locations so that consumers had a home for their glass waste. This was 20 years before local authority amalgamations and increased environmental awareness led to more co-ordinated waste management efforts, including the introduction of formal kerbside schemes which now exist in many urban localities.

Garland's job is to educate decision makers about recycling. She has many success stories.

Many councils contracted out their waste and recycling services, and O-I Glass was proactive in building relationships with these frontline contractors as well as the councils that hand them the work.

Schemes vary in size and quality. Auckland and Christchurch have a cheaper, less than ideal collection scheme where households fill wheelie bins with all their recyclables, resulting in huge, painstaking work separating glass from the rest. Garland says Wellington has a world best-practice system that ensures the separation of glass from plastics, paper and metal through alternating collection systems.

The company is investing in fine and mixed grind processes, carbon reduced glass and the recycling of glass offcuts from windscreen manufacture. It has also been experimenting with a lightweight wine bottle.

Garland pays tribute to the plant manager, who is willing to try new things in order to achieve sustainability gains, and the supply chain management team.

With staff turnover of less than three percent, Garland says the wonders of working with glass "gets under your skin", no doubt helped in part by their sophisticated onsite training centre. The company has achieved New Zealand Qualifications Authority recognition of its training for apprenticeships and graduates.

There are 26 nationalities represented in the workforce, the majority from the Pacific islands, and the importance of staff health and wellbeing is recognised through an on-site gymnasium.

Garland says that for many years O-I's achievements flew under the radar, but its record is a proud one.

For 30 years the company has given schools money to implement a range of environmental programmes.

The environmental fund provides \$25,000 a year for this work and a panel that includes representatives from the Ministry of the Environment and Ministry of Youth Affairs selects the lucky schools. Projects have included year 13 students at Kamo High School in Northland working on the Whangarei Harbour Marine Reserve Proposal.

"A \$US85 MILLION FURNACE TO SUPPORT THE GROWING BEER AND WINE INDUSTRIES WAS BUILT AND OPENED IN 2010."

Penny Garland
Sustainability Manager

At the Environmental Packaging Awards O-I was a finalist for its environmental fund, was highly commended for the development of its lightweight wine bottles, and Garland won the category for driving change. O-I also won the supreme award.

SNAPSHOT

COMPANY: O-I GLASS
NEW ZEALAND
BASED: AUCKLAND
WORK: GLASS
MANUFACTURING

THE WAREHOUSE INVESTING IN YOUR COMMUNITY.

MARK POWELL CHIEF EXECUTIVE



Sheer size and scale buys The Warehouse Group a lot of influence and prestige, but it also allows it to deliver great benefits to the communities served by its stores.

With 92 Warehouse stores, 76 Noel Leeming stores, 63 Warehouse Stationery stores, and online businesses, operated by a staff of more than 10,000, this big business is positioning itself for further growth.

Chief Executive Mark Powell draws a link between long-term sustainable business growth and being part of a healthy society. This means the company follows the ethos of looking after its staff and giving back to the community.

"While it could be argued we are a big enough company to do the things we do, it still requires a commitment by us to create wealth and employment for others.

"We take a broader view of our business and its impact on society. How we treat people is important to us. This is not tree hugging stuff – it's important that we have committed, engaged and happy employees who enjoy their work, and who live the values that were first put in place during [founder] Sir Stephen Tindall's time," Powell says.

Part of that view is how the company has responded to the campaign for a living wage. The Warehouse has introduced the career retailer wage, which demonstrates a commitment to developing retail as a credible and exciting career choice.

"The career retailer wage is a major step in the right direction in pay rates. Life skills are important, so we also get involved in programmes aimed at lifting literacy and numeracy skills and also health.

"Business has a part to play by ensuring frontline staff are being paid adequately – it's about long-term business growth rather than short-term profits."

The company also has a clear strategy of supporting the community at local, regional and national levels.

At the local level, stores provide facilities for charitable causes to raise money from barbecues and the proceeds of selling plastic bags for 10c at the checkout go to store-nominated charities.

At the regional level, store managers get together and decide on community projects and registered charities that can be supported. Customers are invited to add a dollar or more to their charge for this cause.

"For instance, both Wellington and Christchurch are supporting local children's hospital projects," Powell says.

At the national level, initiatives include a well attended supplier dinner which raises hundreds of thousands of dollars for the children's charity Variety and provides laptop computers for children in low-decile schools. A recent golf day raised more than \$50,000 which was used for children to attend an educational programme at the zoo.

The company's Red Shirts in Schools initiative provides opportunities for secondary school students to spend time working in store before they make career choices. This can see the students gaining credits towards an NCEA qualification.

"We have also worked with schools to develop an NCEA qualification that provides entry level skills for retailing. We've had good feedback about our involvement in school Gateway programmes, which is usually the first experience a student has of working. It's a 12-week course of working one day a week and is proving very successful."

"WE TAKE A BROADER VIEW OF OUR BUSINESS AND ITS IMPACT ON SOCIETY. HOW WE TREAT PEOPLE IS IMPORTANT TO US. THIS IS NOT TREE HUGGING STUFF – IT'S IMPORTANT THAT WE HAVE COMMITTED, ENGAGED AND HAPPY EMPLOYEES WHO ENJOY THEIR WORK."

Mark Powell
Chief Executive

The Warehouse Group has also been generous in providing tents, tarpaulins, soap and other emergency products to organisations like World Vision at times of emergency, for example in the Solomon Islands floods and Christchurch earthquakes.

SNAPSHOT

COMPANY: THE WAREHOUSE GROUP

BASED: AUCKLAND

WORK: RETAIL TRADING THROUGH THE WAREHOUSE, STATIONERY WAREHOUSE, NOEL LEEMING



THE TINDALL FOUNDATION MORE THAN A HELPING HAND.

SIR STEPHEN TINDALL CO-FOUNDER



When The Warehouse founder Sir Stephen Tindall mentioned during a TV interview that he was looking for causes that his charitable foundation could support, he was overrun with requests.

That was in 1994, when his nationwide chain was floated on the share market and he and his wife established the Tindall Foundation to handle 21 percent of the dividends from the sale.

At the time Sir Stephen was still CEO of the Warehouse, and his wife Margaret was busy with five children. So he contracted someone to advise him on where the greatest needs were and quickly learned that already there was some fantastic work being done by many organisations. The Foundation started by providing bulk funding to the faith-based organisations doing this work.

The Foundation set about to fund a community foundation movement in New Zealand and now 14 foundations have been formed. From an investment of \$2.5M the Tindall Foundation has seen these foundations raise \$30 million in cash and an estimated \$250 million in money promised for local causes around the country.

The Tindall family still has 51 percent of The Warehouse group through the couple's ownership, the Foundation (21 percent) and several family trusts.

The money is being put to good use but Sir Stephen is particularly proud of three major efforts:

- The community foundations – a joint venture with the Counties-Manukau district health board which seeks to reduce youth unemployment by training young people into hospital and health jobs
- The Youth Connections scheme matching employers to young people in Auckland that has created 500 jobs per year
- The Red Shirts in Schools programme run by The Warehouse 'red sheds', which has driven an attitude change. It helped to transform teenagers who would turn up late and without any work ethic, into different people in the workplace who enjoy interacting with customers.

The Foundation is helping fund programmes that promote child welfare and prevent the abuse of children.

While 40 percent of the Foundation's funds go to charitable causes, the remainder is dedicated to putting investment funds into 125 start-up companies and venture capital firms to help them become established and to think globally. Sir Stephen's investment company K1W1 Ltd has invested over \$100 million seed and venture capital. He says too many businesses founder through lack of financial and other support and his ambition is to improve the rate of those that survive the crucial first year and then go on to become successful export earners.

Sir Stephen puts a high priority on businesses that survive long-term by ensuring they are relevant, provide what customers want and create value for them.

Through the Foundation's work he hears amazing stories of innovation. The Foundation has set out to help those with great ideas, a sound plan and good people.

He recalls how he learned on the job for five years doing both university study and part-time work. "It makes it cheaper to study because you get paid and it's a more practical approach. Unless we move towards this approach it will be difficult for many who will get into debt.

"Governments need to value healthy societies, as healthy societies promote better economies."

"TOO MANY BUSINESSES FOUNDER THROUGH LACK OF FINANCIAL AND OTHER SUPPORT AND MY AMBITION IS TO IMPROVE THE RATE OF THOSE THAT SURVIVE THE CRUCIAL FIRST YEAR AND THEN GO ON TO BECOME SUCCESSFUL EXPORT EARNERS."

Sir Stephen Tindall
Co-founder

Sir Stephen recalls that when he established The Warehouse 33 years ago, he was motivated by driving prices down and a determination to offer New Zealanders goods at more affordable prices. The profits came as a result of delivering on that goal.

"If you're only profit driven, your business won't stand the test of time."

SNAPSHOT

ORGANISATION: TINDALL FOUNDATION

BASED: AUCKLAND

WORK: FUNDING CHARITABLE AND COMMUNITY ORGANISATIONS. INVESTING IN STARTUP COMPANIES WITH GLOBAL ASPIRATIONS

FUJITSU NEW ZEALAND EMPOWERING PEOPLE IN THE WORKPLACE.

JO HEALEY MANAGING DIRECTOR



Jo Healey is living and leading the dream of equal opportunity in the workplace.

Healey is Managing Director of Fujitsu in New Zealand, a technology company demonstrating its empowerment of women and commitment to diversity. It's a shining example of how corporates can improve diversity in their workplaces.

Healey leads a company enjoying strong growth, employing 850 people spread over nine offices and nine other support locations.

As one of New Zealand's top five technology companies, it offers end-to-end IT services that encompass all the principal procurement functions for hardware and software, support services, project management, application development, testing services and full outsourcing on behalf of public and private sector organisations.

As a division of a huge Japanese multinational, Fujitsu New Zealand can live the maxim "think global, act local". Most obviously it benefits from being part of an organisation of 170,000 people in 70 countries that spends \$NZ2.2 billion a year on research and development.

Not all that R&D is immediately relevant to New Zealand, but as solutions are found, for example in areas like the rural sector, they are available for use here.

"We have a strong local presence as well as global strengths that bring capability and a strong financial position. Most of our customers have been with us for over 10 years," Healey says.

The company has been busy adding new services such as cloud computing and mobile technologies. It is one of a handful of companies invited onto government panels that make crucial buying decisions about technology, solutions and other services.

Healey's interest in diversity was piqued when last year she attended an executive leadership course and chose diversity as her key study topic. Diversity is an important part of Fujitsu's corporate social responsibility.

In Fujitsu's terms, diversity covers everything from gender, age, ethnic background, sexual orientation, disabilities and religion. It sees a diverse staff as bringing real strengths to companies.

Healey's executive leadership is 45 percent female, which represents real progress. However she admits that the Japanese base is more male centric and that the conversation on the benefits of diversity may take longer to have an impact.

Embracing diversity helps Fujitsu NZ nurture talent, mentor, motivate and upskill its people.

Healey says moves towards greater diversity have been welcomed in New Zealand even if the discussion is still in its early stages. One of the keys was signing up to the United Nations Women's Empowerment Principles.

Development and growth of skills and talent remain a key focus for the continued growth of Fujitsu's business.

Healey would like New Zealand governments to do more in the technology skills development area.

"WE NEED TO ENSURE THERE IS AN UNDERSTANDING THAT TECHNOLOGY UNDERPINS BUSINESS IN SO MANY RESPECTS. IT IS ALL ABOUT PEOPLE WORKING WITH PEOPLE TO UNDERSTAND BUSINESS AND ENABLE SOLUTIONS AND SERVICES TO DRIVE BUSINESS GROWTH AND SUCCESS FOR OUR CUSTOMERS."

Jo Healey
Managing Director

"There's still some hesitation from parents and teenagers about taking up IT as a career. There is a perception that you would spend all day in front of a screen. We need to ensure there is an understanding that technology underpins business in so many respects. IT is all about people working with people to understand business and enable solutions and services to drive business growth and success for our customers," Healey says.

SNAPSHOT

COMPANY: FUJITSU
NEW ZEALAND

BASED: WELLINGTON
WORK: IT HARDWARE,
SOFTWARE, SUPPORT
SERVICES, PROJECT
MANAGEMENT



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