New risks and rules…
...new vehicles and rewards

Agenda

- Rescues
- Risks
- Companies
- New Zealand

Common cause: Debt

- Deep roots:
  - Extreme innovation, risk-taking in global financial markets for 15+ years
  - Generated vast flows of cheap, easy credit
  - Complete disregard of risk pricing, management
  - Total loss of responsibility and accountability
- Phase 1: 2007-2009
  - Trillions of dollars of reckless assets suddenly turned toxic
  - Counter-party risk soared
  - Financial markets seized up
  - = Liquidity crisis…solved by massive support
- Phase 2: 2009-20??
  - Hangover of trillions of dollars of debt in most economies
  - As government stimulus waned, economies slowed
  - Debt burdens, particularly of governments, became very unsustainable
  - Governments’ three economic choices: shrink; grow; inflate
  - …all very unpalatable or very difficult

Then….  ..Now

- 2007-09
  - Sudden liquidity crisis
  - Big, quick fix
    - Pump in lots of money
    - Lots of political will
    - Lots of public support
    - Worked fast
    - Markets re-assured
    - Moved on to current phase
- 2009-20??
  - Long-running structural crisis
  - Big, slow fix
    - Restructure economies
    - Lack of political will
    - Lack of public support
    - Will work slowly
    - Markets fearful
    - Very, very stuck
Government debt

- Slowing growth hits governments hard
- Old economies the most stressed
  - …some are getting worse
  - …few are cutting debt
- Not what you owe...but who you owe
  - Easy: if heavily domestic investors
  - Hard: if heavily international investors
- Some attempts at economic change
  - UK, Ireland...with big risks
- Many failing with economic issues
  - Greece, Spain, Italy
- All facing severe political tests

Market fears

- Investors pricing in big risk
- Bailouts only offer temporary relief
- The scale of problems escalating
- Spain = Greece + Ireland + Portugal
- France = Spain + Grc + Ire + Prt
- Italy + Sp + Grc + Ire + Prt = €4.5 trillion

Diagnosis

- For many troubled countries, this is not a recession...which is cyclical
- This is a contraction...which is structural
- Consequently:
  - The debt-burdened economies of high-income countries are very fragile
  - Investors have next-to-no confidence in policy-makers to act decisively
  - So, investors are seeking the least risky assets:
    - If they fear deflation - bonds of the highest rated government
    - If they fear inflation – gold
    - If they can’t decide -- both
  - Few investors or corporate managers want to take any longer-term investment risk

Possible remedies - US

- US:
  - Fed says it will keep interest rates at virtually zero as long as necessary
  - …will do more Quantitative Easing
  - Its balance sheet is very heavily burdened by bad assets from the liquidity crisis
  - But dealing with underlying government debt issues will be extremely difficult
  - US politics are deeply dysfunctional
  - US economy has deep structural issues
Possible remedies - Europe

- European Union
- Strategy: buy time by taking market pressure off governments...hope markets will calm down, gain a bit of confidence in economies
- European Stability Mechanism main vehicle so far...but too tiny for big rescues: only 5% of eurozone GDP
- European Central Bank has begun buying Italian and Spanish government bonds...but legal challenges to that tactic
- Big push for fiscal federalism in EU
  - “We need more not less EU”
  - But the politics are very difficult...particularly in Germany and between France and Germany
- The economics of structural change are very difficult too

Saving Europe is simple

- All it would take is:
  - French reform
  - German extravagance
  - Italian maturity
  - …as The Economist opined May 12
- Main mechanisms required:
  - EU-wide bank deposit guarantees
  - EU bonds (so countries share the risks)
  - EU-wide investment in rapid enhancement of economies
  - National and collective commitment to change
- Without these: the eurozone will strangle economies

Brave words...feeble actions

- Governments and central banks are very short of policy tools
- There are no quick fixes
- No country is immune
- Sharp slowdown in troubled countries will impact others...causing tensions
- Old, stagnant economies have to restructure heavily, reduce debt sharply before they regain vitality
- Innovative companies are vital leaders of transformation...small companies and countries more adaptable, faster-moving than large
- Shift of momentum and power to developing world will accelerate
- 2007 was the start of a new world order
- Many more phases to unfold yet

Prognosis
People, planet

- Vision 2050
- A very challenging roadmap for corporate development by World Business Council for Sustainable Development
- ...NZ version coming soon

People, planet

- The sustainability challenge

Innovation

Harvard Business Review

Why Sustainability Is Now the Key Driver of Innovation

by Ross Wiblenko, C.K. Prabhakar, and N.R. Kapposouer

How Green Will Save Us: September, 2009 edition:

“There is no alternative to sustainable development.

“Our research shows that sustainability is a mother lode of organisational and technological innovations that yield both bottom-line and top-line returns...

...In fact, because those are the goals of corporate innovation, we find that smart companies now treat sustainability as innovation’s new frontier.”
World Economic Forum: Global risks

- To ensure human needs are met, we need radical new technologies
- We need to develop and deploy them on a scale and at a speed like never before
- ...and with much greater complexity and risk
- ...and with a need for public understanding and support
- ...and ways to respond far better when things go wrong
- This is a fundamental shift in risk and risk management
WEF: seeds of dystopia

- ...e.g. is The Occupy Movement an anomaly? Or a harbinger?

“The future redefined”

- ...Further evidence of the same big drivers...
  - ...from PwC’s 2011 survey of APEC chief executives

Asia: from investee to investor

- Asian investors are becoming big investors overseas

Asia: outbound FDI

APEC’s fast-growing economies are turning from investees...to investors

- Net foreign direct investment
- Mature economies
- Fast-growing economies

Fast-growing APEC economies outpace mature economies in investment outflows

- Outward foreign direct investment (FDI)
  - 2010
  - 2012
  - 2014
- Prof. analysis based on various international forecast sources
Asia: sustainability

- Resource, energy and environmental pressures driving sustainability

Sustainability: Prioritising where they can—in their own organisation’s practices

- ... just one element of the intense search for sufficient resources to power economic development

Asia: shifts in fuel sources

- Pursuit of sustainable growth is redefining the energy mix

Global primary energy demand is set to rise more than 30% through 2035

- No commitment
- Some commitment
- Significant commitment

Asia: renewable energy

- Asia aiming to be a leader in renewable energy

Turning to renewables for energy solutions

Financial new investment in renewable energy USD billions

- Developed economies
- Developing economies

Agenda

- Rescues
- Risks
- Companies
- New Zealand
The next 10 years

- Finance and capital conditions
  - Finance more expensive and less available
  - Market and regulatory constraints
- Less benign economic conditions
  - Higher economic volatility, increased risk
- Low carbon-economy
  - New disciplines & technology
  - Far greater resource efficiency
  - Technology change accelerating
- Public losing trust in business
  - Scepticism over Anglo-Saxon model
  - More government intervention
- Social and demographic change
  - New responses to retirement, pensions
  - New business & government solutions
  - E.g., more flexible working practices

Within 10 years

- Organisation and location:
  - Shift from transactional to collaborative relationships
  - ...with a wide range of partners, suppliers, competitors
- Supply chain dynamics a lot more complicated as risk becomes more significant factor in decision making

New finance

Shared risk
Shape shifting

- US listed companies
- “The crown jewel of all that is great about America” - Jiang Zemin of China
- Highest profits in 60 years...cash-rich
- But new offerings have plummeted

Afflicted by
- Short-termism e.g. CEO tenure
- Misaligned management incentives
- Tough laws e.g. Sarbanes-Oxley & Dodd-Frank
- Acquisition of start-ups
- Competition from other vehicles

Number of listed companies has fallen dramatically since 1997
- US – by 38%
- UK – by 48%

The race is on

- Competing corporate vehicles
- 1/3 of US tax-reporting businesses are now partnerships
  - Limited Liability Partnerships
  - Publicly Traded Partnerships
  - Real Estate Investment Trusts
- State owned enterprises
  - E.g. 13 largest oil companies
- Family-controlled companies
  - E.g. ⅔ of Asia-Pacific listed ones
- Private equity vehicles
  - French SCAs with general & limited partners
  - Public-private hybrids
- US: ‘B’ companies subordinating profits to social benefits in 7 states
- UK: Community Interest Companies

Global Entrepreneurship Monitor

- Entrepreneurship rising, driven by:
  - Necessity in tough economic times
  - Weakening of existing structures....
  - Opening of markets
  - Development of new business models

High level of entrepreneurship

- New Zealand and Australia rank well for level of activity...
...but low level of internationalisation

• weak entrepreneurial activity in international markets

We must double growth

• We need to more than double our growth rate to at least 5% a year
• ...but our non-inflationary growth rate has dropped to 1.9%
• ...and the growth trend will remain weak out to 2014, Treasury forecasts

Agenda

• Rescues
• Risks
• Companies
• New Zealand

Wall

• We’re very efficient at producing low value goods and services
• But...we’ve hit the wall, economically, socially and environmentally
NZ’s exports remain far too small a contributor to the economy

The real growth issues

- Our strengths & weaknesses...
- ...according to the World Economic Forum’s global competitiveness rankings

Our competitive advantage

- Advantage measured on a scale of:
  - 1 = low cost of natural resources
  - ...to...
  - 7 = unique products & processes
- New Zealand scores 3.7
  - Ranks 48th
- Australia scores 3.4
  - Ranks 67th
- ...in other words, we earn our living in the global economy from exporting commodities

Capturing value

- Value chain measured on a scale of:
  - 1 = role in chain mainly confined to one step, eg resource extraction
  - ...to...
  - 7 = involved all the way down the chain, capturing extra value along the way
- New Zealand scores 3.7
  - Ranks 59th
- Australia scores 3.5
  - Ranks 75th
- ...in other words, other players down the value chain extract most of the value ...not us
Grading ourselves

www.nzinstitute.org

Grading ourselves

Grading ourselves

Seismic shifts...our new playing field

• Rebalancing
  • From extreme deficit and surplus nations to balanced economies
  • NZ: we have to borrow, spend less; invest, earn more

• Geo-political: from developed to developing countries
  • We need to deepen our relationships in Asia and South America

• Demand: from consumer goods to capital goods
  • But capital goods are not our strength...
    • … tho we can contribute R&D & IP to eg agriculture & clean tech
  • Tougher old consumer markets a big challenge
  • Reaching new markets will be hard

• Customer service: from accepting to demanding
  • Finding new ways to find, listen and engage with them
  • Eg social networking and other world-changing ways
...our new playing field

- **Relationships**: from transactions to partnerships
  - ...particularly highly strategic ones

- **Innovation**: from incremental to radical
  - To meet new needs...in new ways
  - Open innovation and other forms of collaboration
  - New opportunities for NZ companies to partner with global ones

- **Sustainability**: from fringe to mainstream
  - Measuring and managing environmental flows through our businesses
  - Push down the road to true sustainability

- **Management**: from tactical to strategic
  - Need to collect, interpret and act on real-time data
  - Everything we do today is a piece of our big picture

---

**Paradox**

**Abundance**

**Scarcity**

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**10 strategies**

1. What
2. Who
3. How
4. Science
5. Clean
6. Smart
7. Connected
8. Committed
9. Ambitious
10. Distinctive
1. What

- Choose our future
  - …don’t defend our past
- Play to paradox

Poverty

Cows

Wealth

Scientists
Synlait...will it work?

• Very brave and ambitious strategy
• Good progress on many fronts...
  • but setbacks e.g.
  • Failed stock market float
  • Sale of majority control of Synlait Milk to Bright Dairy of China is a crucial test case of whether foreign investment can work well...for the benefit of overseas investors and NZ

Fazenda Leite Verde

• New Zealand investor group bought 15,000 ha of Brazil in 2001
  • Big challenges:
    • Virgin land; big adaptation
    • “We’re learning to drive a biological Ferrari”
  • Invested downstream...UHT plant, Leitissimo brand

Foreign investment

• We must attract far more and different inbound foreign direct investment if we are going to meet our goals

  • Current stock of inbound FDI in NZ: 59% of GDP
    • Auckland attracted 55% of the new investment 2003-09

  • Of the money attracted to NZ 2003-09 (very typical of the long term pattern)
    • 55% sought domestic market share (largely Australian investors)
    • 40% sought cheap labour or other efficiencies (ditto Oz)
    • 4% sought to capitalise on knowledge here
    • 2% sought resources here

  • Challenge:
    • We need to attract triple the flow of FDI
    • All FDI must capitalise on knowledge and resources here to build large export industries to benefit the investors and the wider economy
    • It can be done...e.g. the Irish Development Agency
    • But requires a vastly different economic & political approach from ours

2. Who

• Devise entirely new forms of capable companies
• Play to our attributes
Vanguard NZ companies
• An exciting new class of NZ companies is emerging:
• Hallmarks:
  • Inspired products & services offering unique value
  • Originality born of NZ roots
  • Smart strategies for international markets
  • Astute management skills to acquire & develop human & technology skills; capital
  • Confidence & skills to collaborate with partners, suppliers, customers abroad
• Across the economy: domestic; import; export

Rakon: Sweet spot in value chain
• World leading supplier of radio frequency crystals for GPS and mobile phones
• …until recent years, all from Mount Wellington
• 1967: Warren Robinson starts it
• 1972: Singapore subsidiary starts
• 1989: First cellphone crystals
• 1991: Large volume GPS crystals
• 1994: New factory
• 2001-02: Ground-breaking manufacturing process
• 2004: 3.2mm x 2.5mm crystal package
• GPS crystals: mid-1990s: US$35 each to under US$0.70 today
• 12-year sales growth averaged 66% per year
• 2006: Successful float
• 2007: European acquisition
• 2008-09: Indian and Chinese joint ventures
• 2011: Hi-Tech Awards: Company of the year; Company of the decade

Yes! Quadruple B businesses
• Building
• Billion $
• Businesses from the Beach
• Rod Drury...
• …serial entrepreneur
• …founder of Xero

3. How
• Drive sophistication
• Take transformational steps
NZ companies: 10 transformations required

1. Cost-plus ⇒ Free cash flow
2. Tacit knowledge ⇒ Protected knowledge
3. Own equity ⇒ External equity
4. Labour intensive ⇒ Capital intensive
5. Low technology ⇒ High technology

NZ companies: 10 transformations required

6. Skilled generalists ⇒ Expert specialists
7. Relationships ⇒ Alliances
8. Value-based ⇒ Value chain
9. Generic goods ⇒ Power brand
10. Insecurity, poverty ⇒ Security, wealth

Icebreaker: Built new value chain
• Icebreaker…from sheep to Baa-code

Icebreaker’s 15-year journey
• Concept
• Brand
• Product
• Design
• Production
• Marketing

• Learning, constantly...
• Today:
  • 1/3 of NZ merino clip
  • ...at premium prices, on long-term contracts...has changed farming practices e.g. farmers produce to spec, invest more
  • 2m garments a year
  • Using multinationals’ Shanghai cluster
  • US drive; Oregon design centre
  • 200 staff

...virtually
4. Science

- Strategise what science we must do
- Create new opportunities from old strengths

Manufacturing – new world order

- US manufactures more than China... with 1/10th of the workforce
- Science-intensive companies are out-running labour-intensive ones
A few NZ glimmers

- Robotic mussel processing
- Powdered titanium cluster

5. Clean

- Imagine sustainable futures
- Seize the greatest driver of innovation ever…

NZ Agricultural Greenhouse Gas Research Centre

- New ways of working
- …on science; on collaboration, NZ and globally
- …on engaging with farmers

Pastoral Greenhouse Gas Research Consortium
- Since 2002, 50/50 government and industry
- $30m investment in science so far

- NZ Agricultural Greenhouse Gas Research Centre
- Opened March 2010; $48.5m funding next 10 years
- Four main workstreams…$15.6m committed 2010-14
- Mitigate methane; mitigate nitrous oxide; increase soil carbon; deliver farming solutions

Our opportunity

- 1 litre of milk = 940 gm of CO₂ equivalent
- (According to the lifecycle analysis of milk by Fonterra, processor of 90% of NZ’s milk, and a world leader in the global dairy trade)

16,000,000,000 litres = 15,040,000 kg of CO₂ eq

- 15.04m tonnes of CO₂ eq per year is not a waste product, or a liability

Helping animals digest their feed better
so they produce fewer emissions, more energy
would help close the nutrient cycle

This a brilliant business opportunity…
healthier cows and soil…
= more food, better environment, bigger profits
Comvita: High science, high value
- 250gm of honey
- Clover honey
- Comvita wound care using manuka honey
- Comvita wound dressing with manuka honey
- 1 gm of UMF 20 honey in cosmetics

LanzaTech...clean tech leader
- Signed commercialisation agreements at the Expo with:
  - Chinese Academy of Sciences
  - Baosteel; next pilot plant in China
- Makes biofuel from industrial waste gases
- Turns greenhouse gas liability into profit
- World pioneer of the science
- Auckland-based; NZ Steel pilot plant
- Big venture capital backing
  - Latest round US$18m
  - NZ: Stephen Tindall
  - US: Vinod Khosla
  - China: Qiming Ventures

YikeBike: radical reinvention
- Grant Ryan’s radical re-think of the bike
- All-electric; no pedals; 10kg; 20 km/h; 10 km range; ABS brakes; regenerative braking; 45-minute recharge
- Folds in 15 seconds; Guinness Book of Records

Zespri
- April 2009: Published its carbon life cycle analysis:
  - Orchard operations make up 17% of total emissions for EU exports
  - Packhouse & coolstore processes account for 11% of total emissions
  - Shipping accounts for 41% of total emissions
  - Repacking and retailer emissions amount to 9% of total emissions
  - Consumer consumption & disposal comprises 22% of total emissions
- Bottom line: resource efficiency builds a more profitable, resilient business
  - E.G. Kite-assisted ships save 22% of their fuel bills on average

China produced 22m electric bikes last year
Zespri
• Established brand
• Built marketing
• Innovated – gold
• Innovated – orchards
• Innovated – intellectual property
• Clever, 12-month supply chain
• 40% - 100% premium in EU
• 1/3 world supply...
• ...but captures 2/3 of value
• ...and lots more science yet

From exporter to global leader...
...decommoditising a commodity

6. Smart
• Learn excellent skills
• Devise management skills & processes uniquely right for us

Our future
• NZ Land: 270,000 sq km
  • Australia’s 28x NZ
• NZ Oceans: 5.8m sq km
  • 5th largest in the world
  • Australia’s 1.4x NZ’s
• Huge responsibility:
  • ...to nurture
  • ...to use responsibly
  • ...to sustain us
  • ...we get $184bn of ecosystem services for free
• We need new values, systems, learning, collaboration:
  • ...to be sustainable
  • ...to offer hope to the world

NZ’s distinctive management style
• Why did General Motors pick a New Zealander as CFO?
  • Chris Liddell chosen for his range of experience; management style
• ‘We’re skilled generalists
  • We’re multi-taskers with knowledge & experience across a range of functions
  • Creative, fast-moving, self-starting, team-working
• Not expert specialists
  • Narrow skills; working in silos; hard to co-ordinate
  • Typical of large companies overseas
• Impact:
  • On our companies:
    • Makes them quick, innovative, lateral thinkers
  • On multinationals:
    • NZ subsidiaries pioneer new skills, products to take globally
Management matters

- NZ government-funded study of large and medium NZ manufacturers
- Study by London School of Economics and McKinsey... sub-contracted to University of Technology Sydney
- Comparisons with 16 countries

Management Matters in New Zealand – How does manufacturing measure up?

Findings from the New Zealand Management Practices and Productivity, global benchmarking project

April 2010

How NZ management ranks

Not statistically different *

Best & worse skills

People management

Not statistically different *
NZ management gaps

Top 30% of Indian and Chinese companies are better managed than the bottom 50% of NZ companies.

Raising laggards has huge economic impact

Independent advice

- The majority of NZ businesses lack boards...
- ...particularly privately-owned, SMEs
- ANZ’s Business Barometer for privately-owned companies
- And independent advice ever rarer
**Advice: sources and benefits**

<table>
<thead>
<tr>
<th>Source</th>
<th>2009 Percentage</th>
<th>2010 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mentor</td>
<td>17 percent</td>
<td>17 percent</td>
</tr>
<tr>
<td>Informal advisor</td>
<td>22 percent</td>
<td></td>
</tr>
<tr>
<td>Formal board</td>
<td>17 percent</td>
<td></td>
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<tr>
<td>Industry advisor</td>
<td>25 percent</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>17 percent</td>
<td></td>
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</tbody>
</table>

**Roles of board**

<table>
<thead>
<tr>
<th>Role</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advice re long-term strategy</td>
<td></td>
<td></td>
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<tr>
<td>Advising or managing HR issues</td>
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<tr>
<td>Driving, monitoring and advising director</td>
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<td></td>
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<tr>
<td>Increasing or selling value and providing guidance</td>
<td></td>
<td></td>
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<tr>
<td>Formulating/guiding corporate strategy</td>
<td></td>
<td></td>
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<tr>
<td>Managing shareholder value</td>
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<td></td>
</tr>
<tr>
<td>Protecting/defending organization名誉</td>
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<td></td>
</tr>
<tr>
<td>Promoting/encouraging good corporate compliance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Providing access to different markets/reporting to international markets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing efficient thinking/debate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Representing the interests of all stakeholders</td>
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</tbody>
</table>

**Growth drivers**

- Tactics...not strategy dominate

**Factors contributing to business growth over three to five years**

<table>
<thead>
<tr>
<th>Factor</th>
<th>2010</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General growth initiatives</td>
<td></td>
<td></td>
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<tr>
<td>Increased marketing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>decreased operating costs</td>
<td></td>
<td></td>
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<tr>
<td>New products/services</td>
<td></td>
<td></td>
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<tr>
<td>New regions/markets</td>
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<td></td>
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<tr>
<td>Partnerships/ Joint Ventures</td>
<td></td>
<td></td>
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<tr>
<td>Plant/operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overhead costs</td>
<td></td>
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</tbody>
</table>

**Growth constraints**

- Lack of strategy increases constraints

**Constraints to achieving growth**

<table>
<thead>
<tr>
<th>Constraint</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need for better data/business intelligence</td>
<td></td>
<td></td>
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<tr>
<td>Need to raise capital</td>
<td></td>
<td></td>
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<tr>
<td>Financial viability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management/ employee retention</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of skilled staff</td>
<td></td>
<td></td>
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<tr>
<td>Lack of time to think creatively</td>
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</table>
Accountants dominate

Growth funding

- ...and limits sources of funding

7. Connected

- Engage intimately with the world
- We’re attractive...act like it
Communities...evolving fast

• From physical connection ............... to virtual connection
• From well-honed conventions ....... to fast-evolving behaviour
• From shared values ..................... to shared interests
• From proximity ........................ to “remote intimacy”
• From a few people ...................... to many
• From self-help .......................... to collective help
• From local standards ............... to global standards
• From local prospects ............... to global prospects

...and new ways to be a local community

• Radically different ways to connect with people
• A stunning example—Trade Me

...at home

...and abroad
...yet intimate

Poverty

Customers

Wealth

Communities

...co-creators

- Obo’s R&D:
- ...was two goalies in Palmerston North
- ...is now thousands of fans around the world
The essential quality

• Strategic resilience
  • “The Quest for Resilience” Gary Hamel

• A strategy that is forever morphing, forever conforming itself to emerging opportunities and incipient trends

• An organisation that is constantly making its future …rather than defending its past

• An organisation where revolutionary change happens in lightning-quick, evolutionary steps

8. Committed

• Stick with the plan

• …and adapt to changing circumstances…morph to incipient trends

...such as

• Air New Zealand
  • Real-time management; flexibility; identity; innovation; design

• Telecom
  • Strategy setting; culture building; perseverance

• Kiwibank:
  • Challenger brand; unique services for customers; engagement

• Icebreaker
  • Identity; relationships; virtual value chain

• Trade Me
  • Character; complexity-made-simple; community

• StarNow
  • Reinventing a sector; accessibility; international reach
9. Ambitious
   • Be bold
   • Scale up from timid goals
Urban New Zealand
• As a nation, we largely define ourselves by our rural and wild parts
  • ...and we believe rural business underpins the national economy
• Yet, we’re one of the most urbanised populations in the world
  • ...87% of us live in towns and cities
  • ...most people earn livings far removed from the rural economy
• Our urban places are in trouble....
  • ...their built environments are increasingly unsustainable
  • ...their economies anemic, inward looking
• Christchurch pre-earthquake had a lot of marginal businesses, buildings
  • Auckland mainly serves only its own population
  • Wellington’s tourism & events strategy earns little; public sector shrinking
  • Dunedin is slipping away
  • ...and every smaller town has its own story to tell, positives & negatives
• Challenge:
  • Reinvent, reinvigorate our urban communities and economies

Cities - collaboration
• Our cities and towns will connect better with the world...
  • ...but we need to work together to create greater mass
• Our entire urban population is smaller than Sydney’s
  • ...and Sydney is sub-optimal in some respects cf. its competitors
• Working together, picking our best shots, will be very demanding
  • Making hard choices, requiring genuine give-and-take
  • ...ultimately very rewarding
• Challenge:
  • Each city & town playing to its strengths...& supporting each other

Christchurch
• Centre city plan:
  • Excellent...
  • ...input
  • ...conception
  • ...themes
  • ...transformation
  • Lots more to do, though, on the economy

Christchurch – perfect place for a Kiwi-Sino Lactopharmaceuticals Institute
10. Distinctive

- Enhance our uniqueness
- Stand out in a world...
- ...where one product, one country looks ever-more like all others
- Our pavilion at the Shanghai World Expo in 2010 was very distinctive
- ...and in many lists of Top 10 "must see" pavilions
- Expo's theme: "Better City, Better Life"
  - China investing in new technology, materials, energy sources so many more people can enjoy higher living standards
  - Our pavilion featured NZ's very distinctive urban lifestyle