

Vacuum packed e-business

Introduction

The e-ripple continues and may yet become a wave in rural New Zealand. It may take some GM to achieve this and in fact such an idea is not totally off the show. Recently, scientists have managed to combine living cell with silicon, not as a cosmetic implant, but to form a precursor neural network. Potentially, the days of artificial intelligence and online data access to the brain may not be that far away. However, there are some more immediate initiatives that can bring e-advance to rural New Zealand.

Specifically, the role of local government needs to be addressed and second the means by which advice is provided to the rural businesses requires reconsideration. On November 1 Hon Paul Swain delivered the 1-year report of E-action through an address in Greymouth noting that, "The E-commerce Strategy set out the Government's vision that New Zealand will be world class in embracing e-commerce for competitive advantage. ... One year on I am pleased to be able to report that work on implementing the strategy is advancing well." (www.executive.govt.nz/). The full report, covering 60 initiatives is available at www.ecat.govt.nz

Background

Building momentum is critical. As more and more e-business is done the pace of adoption will increase. The Economists Intelligence Unit survey of E-preparedness published in May this year showed Australia moving into the number 2 slot behind the United States and New Zealand drifting back from 16th to 20th position. Government policy has a lot to do with this. Government has the capacity to be the wave maker. In fact politicians are pretty good at that but what we need is a concerted effort to get the swell rising. Three initiatives are needed:

1. Sound policy regarding commercial transactions. Government must provide the legal framework and progress appears to be underway. It's too easy to criticise the pace at which things happen but promptness is important.
2. Lead by example. E-procurement and other b2b activities are really important as drivers of change. If electronic submission of returns to IRD is cheaper and quicker than manual then there is an incentive. However, accounting practices see they do relatively better out of filing manual returns the wave doesn't form. Active encouragement to E-government, especially in all commercial transactions has been a key feature of the Australian rapid rise in e-commerce.
3. Remove barriers as and when they arise. The work of the Ministerial Committee on Compliance Costs seems to be one of the real success stories and we need to see the same in e-commerce.

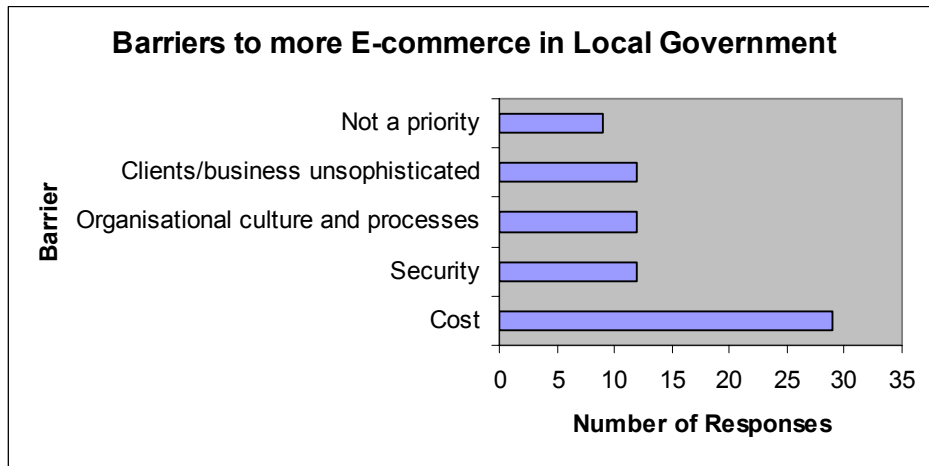
Local government and advisory services are critical conduits and their role is discussed in turn. This brings us back to the initial question. What of local government? Is local government to be a player in bringing the benefits of the knowledge wave to New Zealand small business?

Local Government Role

Research conducted in September 2001 shows that most New Zealand local governments are not advanced in the e-business realm.

1. Has your Council developed an E-commerce strategy?
- a. Yes 6%
 - b. No 94%

Numerous reasons were noted for this and most of these seem quite reasonable.



The outlook at this point in time doesn't look as if there will be a rapid transformation:

2. Is your Council currently developing an E-commerce strategy?
- a. Yes 12%
 - b. No 88%

But there are positive signs for the medium term:

3. Is your Council likely to embark on an E-commerce strategy in the
- a. next 12 months
 - Yes 40%
 - No 60%
 - b. next 2-3 years
 - Yes 80%
 - No 20%

Suggestions:

Local government needs the collaborative support of all its members and a national programme to really make progress. As Hazel and Doig (2001, p38) reporting on the E-Government agenda in Australia observe it is important that government specific systems need to be avoided. In New Zealand we certainly don't need 30 different ways to pay our rates or submit resource consent applications. Local government

New Zealand and the Minister of Local Government could usefully exchange e-mails on this topic.

Getting the advise to rural business:

A key policy question to consider is the most efficient and productive way to get small businesses to seek and utilize quality advisory services. Almost a year ago I was one of four international speakers invited to Guangzhou to talk and participate in workshops sponsored by China looking at ways to improve small business in China and Asia. While my contribution (Locke & Scrimgeour, 2000) reviewed the higgledy-piggledy policy framework for small business in New Zealand through the 90s, the Japanese and French representatives explained how new initiatives to provide small businesses with “access to consulting agencies, which up to then had generally been reserved for the larger firms.” (Ganne, 2000, p139).

In France this involved the creation of FRAC (fund for regional access to consultancy). The four component FRACs are:

1. Juenes Enterprises – general consulting
2. Productique – techno-conomic feasibility
3. Stratégie – strategic and commercial purposes.
4. Qualité – quality diagnostics, control, certification and specialized consultancy.

In Japan in April 1999 changes were made in the Small and Medium Enterprise Guidance Law. “In particular, revisions were made to the framework that is enlisted to hire private management consulting firms as consultants to small businesses.” (Kikumori 2000, p152).

There is a wide range of providers of advice to small business. Government has been working to develop the BIZ as a “brand”, and this is true of the e-area too, which is synonymous with the first access point of small business advice. As Swain observed, “Industry New Zealand through the BIZ programme has developed an eight module e-commerce training programme aimed at small and medium businesses. This programme is now available through the BIZ provider network. See www.bizinfo.co.nz for details.”

In New Zealand accountants are by far the predominant sources of advice to small business. Of the 42% of businesses that had sought advice, according to the September SME survey, in the last three months the following were the main sources of advice:

Chartered Accountant:	53.6 percent
BizInfo:	10.5 percent
Trade Association:	5.5 percent
Enterprise Board:	2.9 percent
Chamber of Commerce:	3.8 percent

While chartered Accountants provide the largest channel for contact with business, if nothing else as providers of compliance founded services such as GST and taxation returns they are not asked for more general advice by many small businesses. This is changing as accountants more actively market in the area but cost remains a problem or conceptual barrier for many businesses.

In the rural communities the farm/rural advisors are an obvious source of expertise. The issue becomes one of opening up this expertise to those who will benefit from it.

In Western Australia, as recently reported in Wellington at the September 2001 Small Enterprise Association of Australia and New Zealand Conference, a training ticket scheme was trailed (Morris 2001, pp270-85). The pilot involved providing small businesses in a region with \$400 ticket which was redeemable against a small range of business advisory programmes. The scheme was largely directed toward training programmes. A key learning that comes from reviewing the process is the extent to which businesses are encouraged to redeem something they have rather than just apply for a free programme.

Voucher schemes, in the public sector, have not always been received cordially. Suggestions that families be given education vouchers for use at schools of their own choice rather than attend the in-zone school has attracted supporters and vociferous opponents. However, when it comes to purely private sector activities the gift voucher, discount certificate and loyalty programmes like frequent flyers are well developed.

Suggestions:

The opportunity to tap into the established advisory infrastructure of rural business and other advisors using a redeemable incentive appears worthy of consideration. This amalgamation of the international schemes noted above can be structured in a number of ways. Two of the most likely approaches are:

1. to provide businesses with a voucher for say \$500 if they satisfy the selection criteria
2. to provide businesses with a tax rebate of say \$500 for expenses associated with business advisory services.

A high degree of transparency is required with respect to the eligibility criteria and this would be founded upon economic, regional and equity considerations as determined by government in consultation with the farming/primary industry communities. Federated Farmers is developing as part of the rural electronic commerce action committee infrastructure.

Summary:

Waves are sources of energy and once the momentum builds up they can carry you along way. Government has done some excellent work in terms of putting flags on the beach indicating the safe areas, providing the slip-slop-slap, but there is more to be done if primary industry is going to be an on-wave waka. Two specific areas of potential discussed are getting a bigger platform with local government becoming fully involved as a wave maker and getting private advisors contracted to distribute lesson. While vacuum freshness is good for packaging some commodities it's not the way to package e-business policy.

References:

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