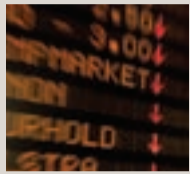




Overpriced and underused?

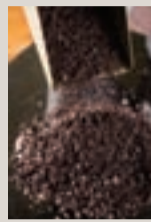
Why listing isn't working for high-growth entrepreneurial start-ups.



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Plastic fantastic

How University of Waikato scientists are turning by-products into bioplastics.



Page 5

A fruitful business

A Kiwi entrepreneur takes on the China market.



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Way to go

Sustainability in the funeral industry.



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The economic way to cleaner water

GOOD farm practice isn't going to be enough to bring our rivers and lakes up to the water quality that most of us want, and Waikato Management School economists are now figuring out the best mix of regulations and incentives to achieve cleaner waterways.

On grazing land, the biggest contributor to water pollution is nitrogen from animal urine leaching into groundwater. Allowing stock access to waterway margins and fertilizer leaching are also harmful. But changes are underway down on the farm.

Former Waikato Federated Farmers president, current Environment Waikato chairman and long-time farmer Peter Buckley is committed to reducing run-off on his North Waikato property. He's fenced off streams and drains, and planted trees and shrubs along the stream banks.

"I think farmers worry that by fencing and planting that they'll lose productive land, but there are plenty of benefits gained. Not just aesthetically, but the trees provide shelter and can act as a wind break, so stock is less likely to bunch in cold weather and there's a lot less pugging."

Buckley is also developing a wetland to treat water before it enters the main Whangamarino wetland, and he sprays effluent over the entire property not just on effluent paddocks.

He's not saying every farmer should go to these lengths but he says these practices do pay off in the long term. His farm and stock are healthier, he says. "And farmers who have farm plans and nutrient plans, and are using best practice are better able to survive extreme weather, such as the recent drought."

"Farmers like Peter Buckley are part of a quiet revolution in dairy farming," says Waikato Management School rural economist Dr Dan Marsh. "But there is a growing consensus that good farming practice and voluntary action are not going to be enough."

The challenge, he says, is to find the right blend of farmer-led action, incentives and regulations that



BALANCING ACT: Thiagarajah Ramilan and Dan Marsh weigh up the options.

will help the farming sector achieve a future that is both profitable and looks after the environment.

One approach is to cap nutrient discharges or livestock numbers like they do in the Netherlands. "The trouble with capping is that it provides no incentive to improve your polluting practices," says Marsh.

As an incentive, he suggests that tradeable permit schemes, such as that proposed for Lake Taupo, give farms an inducement to look for ways of reducing nitrogen discharges.

"There are pros and cons with every potential solution. It comes down to cost and effectiveness. Though we know if something's going to be affordable, then farmers are more likely to act."

PhD student Thiagarajah Ramilan is working with Marsh to develop a model that should help farmers decide the cheapest and most effective solutions. His focus has been on the farms in the Waikato catchment around lakes Karapiro and Arapuni.

He's compiling farm data from a range of sources and looking at incomes, stock numbers, milk solid production, fertiliser applications, and then mathematically testing the effects that different targets or solutions would have on pollution levels and farm incomes.

"Trade off is certainly what's going to happen," says Ramilan. "I've run a series of scenarios and found charges coupled with restrictions are likely to be more cost-efficient than emission charges on their own. It may be that each farm self-selects the most suitable policy or policy combination. Intensive farms would be more likely to choose a low emission charge and a high target for reducing pollution."

"It's all about balance," says Marsh. "You want water quality to improve but you wouldn't want to drive farmers out of business in order to get it. We're taking an economic approach to find a sensible level of target."

dmarsh@waikato.ac.nz

Bringing ethical shopping into the bedroom

A WOMAN never need be caught short without a condom again – thanks to an innovative social marketing initiative from across the ditch which will be coming soon to a shop near you.

Vixen condoms are a fundraiser for the Melbourne-based sexual and reproductive health charity Marie Stopes International Australia (MSIA). "Our research established a need for a brand of condoms that women felt comfortable buying and carrying," says Waikato Management School graduate Alice Clements who

juggles everything from advocacy to condom sales in her role as MSIA's PR and marketing manager.

Produced in partnership with feminine hygiene company Cottons, the condoms come packaged in a discreet box or tin without the lurid or overtly masculine packaging of most condom packs. One dollar of the purchase price goes to help fund Marie Stopes programmes in ten Asia-Pacific countries.

"MSIA approached us with a good value proposition, well packaged, with rather cheeky

marketing, which was a good strategic fit for us," says Cottons marketing director Richard Arbon. "Cottons is all about healthier choices for women, and the social marketing aspect resonates well with younger women."

Arbon says MSIA's compelling research, showing at least 40% of all condoms are bought by women, is a strong selling point. Nevertheless, it's been tough getting a foothold in the highly competitive condom market. But with Kmart, they struck it lucky.



Continued, Page 2

Bringing ethical shopping into the bedroom

From Page 1

"We hadn't even finished our presentation and the general manager said he'd take it," says Arbon.

Vixen condoms are also available in Australian pharmacies, as well as less traditional outlets. "The 'party' people approached us, they were very keen, and we were also approached by the sex shop industry. Sexyland, known here in Australia as the 'Bunnings of the bedroom', tells us the product sells extremely well, and it's perfect for attracting women customers." Vixen is now also negotiating with a major retailer in New Zealand.

Clements says the important thing for MSIA was finding a reputable organisation that was socially engaged and well respected by its customers. "It was also important that they weren't afraid to work on an 'out there' product in the interests of public health. As a business, Cottons is passionate about women's rights and understands the value of social marketing."

Clements stresses the value of having an equal partnership in social marketing. "We are not the pro bono recipients of a hand-out and I think that's important. A lot of times businesses helping out not-for-profits do it with the best of intentions but the dynamic is skewed from the outset with the not-for-profit in a slightly disempowered position.

"That's something we work hard to avoid, and it's resulted in a relationship that is likely to endure and grow rather than a one-off 'charity project' that slowly dies out as one or both parties become disaffected or lose interest."

Arbon confirms that Cottons is committed for the long-term. "We see mileage in the Vixen brand beyond condoms," he says. "Through Vixen, we're talking to a broader range of people which provides future opportunities for us to move into new categories."

www.vixencondoms.com
www.maristopes.org.au



ALICE CLEMENTS: A long-term meaningful relationship really does matter.

Top tips for cause-related marketing:

- » Make sure there's chemistry in the relationship
- » Make sure you're getting into it for the right reasons, not just ticking a box
- » Make sure it fits with your company's strategic goals
- » Agree criteria for evaluating the project; obviously these won't be purely financial
- » Be clear and open to partners about your financial commitment
- » Don't underestimate the amount of resource – time and money – needed to get a project off the ground from scratch
- » Choose a project you can get passionate about, not just because it's the right thing to do

Richard Arbon, Cottons marketing director

www.cottons.com.au

Dr Toledano's do's and don'ts for non-profit organisations dealing with a business partner:

- » Do protect your reputation. Select your partner very carefully, and make sure the partner's image aligns with the social campaign message.
- » Don't let the business message overshadow the social marketing message. The message needs to be communicated honestly and openly, and reflect a real partnership of mutual benefit.
- » Do look for long-term commitment to the partnership.

Getting business buy-in to social marketing

"SOCIAL marketing is all about changing people's own or socially risky behaviour," says Waikato Management School public relations expert Dr Margalit Toledano (pictured).

"When a non-profit or government organisation joins forces with business in a cause-related marketing project, it's able to increase its reach.

"At the same time, the business partner raises funds for a worthwhile cause while boosting sales and improving the company's reputation. Its donation is purchase-triggered."

toledano@waikato.ac.nz



The art of being a corporate conscience

"I AM a social activist. I push companies where they would rather not be pushed."

Not what you might expect from a respected business school professor, but then Prof S. Prakash Sethi is no ordinary academic. The University Distinguished Professor of Management at the Zicklin School of Business at Baruch College, the City University of New York, is a prolific writer on corporate social responsibility and the founder of the International Center for Corporate Accountability.

Perhaps surprisingly he's also responsible for monitoring working conditions in factories owned and operated by the world's leading toy manufacturer, Mattel – a job he's held for ten years. A conflict of interest? Not the way Prof Sethi sees it.

"We tell activist groups to engage with business," he said during a recent visit to Waikato Management School. "While private sector organisations are part of the problem, we cannot escape the fact that they must be part of the solution."

Prof Sethi was in New Zealand recently to speak at a conference on ethical investing, organised by the Council for Socially Responsible Investment. His visit was sponsored by Waikato Management School.

He says with the rise of globalisation, the key question is how the benefits of business success are distributed, and his message is uncompromising – for business and consumers alike. He believes that business must be held accountable for all its 'negative externalities', such as pollution, poor living and working conditions for workers, and product safety issues. "Some of the costs of business are passed on in the cost



S. PRAKASH SETHI: Corporate Social Responsibility is all about improving transparency.

of its products; other costs are passed on to society," he explained. "We want to identify and measure negative externalities, and then find the people who have to pay for it."

But that's easier said than done, in Prof Sethi's experience. Watchdog groups like his come under huge pressure to endorse progress made by business, but they often don't get the opportunity to check the facts for themselves because of reasons of commercial confidentiality. And being no match for corporate financial muscle, often their only option is to walk away from the partnership.

Prof Sethi has done that himself – he said he'd just resigned from one mining company after five years of engagement because the company wouldn't admit it could be wrong. But he's sticking by Mattel, even in the wake of the company's recent product safety recall involving toys made in Chinese factories. "No other company has so far come forward to be as transparent as Mattel has. Sometimes their worst critics are other companies in the industry. Every time Mattel does something above and beyond what it's legally required to do, other companies face pressure to do likewise."

Prof Sethi has worked with the World Bank looking at how to develop 'rules of the game' for NGOs to work constructively with corporations. His advice: "Make absolutely sure the terms of engagement are operational not aspirational."

Prof Sethi says he's never seen a company report that specifies its degree of compliance and is transparent with regard to all its actions, and that, he says, has got to change. To protect his credibility, he says he

won't let an organisation put his name on any statement for which information isn't publicly available.

He also advises NGOs to have a clear exit strategy. "See this as a friendly merger. They want you as a pet. Make a list of non-negotiable items. The more obvious you make this, the better your position."

Prof Sethi is now working on a project at the International Center for Corporate Accountability to collate and analyse corporate sustainability reports from 1,200 companies. He says it's all about improving transparency. "Companies spend thousands of dollars on these reports, and most people don't believe what's in them. Yet social acceptability equates to market share for many companies."

He believes that more and more companies will sign up to the project as a way to benchmark themselves in corporate social responsibility. "Studies have shown that corporate reputation is a very valuable intangible market asset, and makes up around 30-40% of a company's worth. Once lost, it's extremely difficult – perhaps impossible – to regain."

After ten years in the corporate accountability business, Prof Sethi says that while progress appears to be glacially slow, there has been a sea change in attitude. "I no longer have to defend my call for greater corporate accountability," he said. "There was a time when if I called a corporate PR department, the chances of a call back were next to zero. Now they do call back."

prakash_sethi@baruch.cuny.edu
www.icca-corporateaccountability.org
www.csri.org.nz

Cracking the policy puzzle

EDITORIAL

By Dean PROFESSOR FRANK SCRIMGEOUR

IN TODAY'S carbon-constrained world, there's massive change afoot in the business landscape – and few people know that more clearly than New Zealand's farmers. Nowadays it's not just enough to optimise production, farmers have to consider methane emissions from stock, the impact of their farm practices on water quality, and even the likely impact of the 'food miles' debate on their overseas markets.

Reflecting these concerns, the theme of this year's Fieldays is 'science on the farm', and this issue of re:think highlights work by scientists and other researchers at the University of Waikato in finding solutions to these and other questions. You can also read about the contributions some of our former students are now making to business success in a more sustainable and equitable world.

The intersection between sustaining the economy, farming, business, the biophysical environment and quality of life is at the heart of our purpose here at Waikato Management School. From next year, we'll be offering a series of agribusiness programmes focusing on strategic management, international marketing and sustainable agriculture. These developments align well with our continuing research focus on sustainability and leadership,

which has much to offer both agribusiness and the wider business community.

Take for example the proposed Emissions Trading Scheme (ETS) legislation, currently making its way through parliament, which has ignited debate on exactly who is to bear the cost of meeting New Zealand's Kyoto obligations to reduce greenhouse gas emissions. As proposed, it's business and consumers who'll initially take the rap, with agriculture making a late entry into the scheme. Consideration is also being given to delaying the entry of heavy industry and the transport fuel sector.

Whatever form the ETS finally takes, it's important we get it right. Research being done at Waikato Management School and elsewhere would argue that the ETS has advantages over purely regulatory or tax-based alternatives. But the devil is in the detail. Things like what's included and what's not, the timetable for inclusion and to what extent some sectors achieve preferential arrangements – will all determine the ultimate success of the scheme.

Exemptions and special treatment tend to reduce the effectiveness of the system as a whole. In Australia where food is zero-rated for GST, they've ended up with confusing rules where cooked chickens attract GST



FRANK SCRIMGEOUR: Business success in a more sustainable world.

while uncooked birds in the same supermarket are sold GST free. Like a tax system, an emissions trading scheme should be simple and transparent and include all affected parties.

We would argue that it's better to ease the cost burden in ways that don't distort consumer and firm behaviour. The government could, for example, make compensatory adjustments in the tax system at the same time as introducing the Emissions Trading Scheme.

Sustainability related policies like the ETS are not worked out in isolation from

other business activity; they intersect with the strategic choices of business as to where they locate and how they run their operations. Getting these policies right will contribute to our prosperity and wellbeing. Getting them wrong could cost the earth.

scrim@waikato.ac.nz

Professor Frank Scrimgeour has been an adviser to the government on forestry credits and has published widely in international journals on the effectiveness of alternative market-based instruments.

Why listing isn't working for entrepreneurial start-ups

FINDING funding to take an entrepreneurial start-up to the next stage of growth is never easy, but in recent years there have been attempts to cut red tape to persuade early-stage companies to raise capital on the share markets.

The New Zealand Stock Exchange's Alternative Exchange (NZAX) was launched in 2003 to do just this. Offering simpler and cheaper listing and a less onerous compliance regime than the NZX, the NZAX aims to attract fast-growing developing companies with a turnover of between \$5 million and \$50 million. At the time, the NZAX was seen as the engine for growing the entire New Zealand equities market.

Since then, the NZAX has attracted listings representing software, electronic, telecommunication, agricultural, retailing, finance and tourism businesses.



STUART LOCKE:
"Money is not flowing to share investments."

But do these start-up and entrepreneurial companies provide higher returns to investors reflecting their risk character? Research out of Waikato Management School which looked at the exchange's first three years of operation suggests not.

Associate Professor Stuart Locke of the School's Finance Department tracked the returns obtained on a NZAX-listed portfolio of entrepreneurial companies, and compared these with a portfolio of listed small companies, mid-size companies and the market overall. He found the entrepreneurial companies, far from outperforming the others, actually did worse.

"Investors might reasonably expect a higher return on a higher-risk portfolio, particularly in a rising market," says Locke. "But compared with other listed small businesses, the entrepreneurial companies tended to be overpriced at listing and subsequently

showed lower returns. This is not likely to encourage investor support for entrepreneurial companies listing on the NZAX."

Locke says entrepreneurial firms are typically difficult to assess in terms of future success, yet there was a general tendency towards over-valuation at listing – perhaps due, he suggests, to an element of rose-tinted spectacles' vision associated with investing in entrepreneurial stocks.

"Subsequently we found returns gradually declined after listing for about 500 days, which presents an interesting trading strategy of buying into NZAX stock some time around 18 months post listing, and holding for six months."

But overall, the research found NZAX stocks were not an attractive wealth-creating investment for the individual investor for up to three years after listing.

A major problem for the NZAX is thinness of trading, which means companies tend to languish on the board. "If the stock market is to be a powerhouse for growth, harnessing capital for businesses that use it to create value, it must be seen as an attractive place to invest and trade. One option is for the government to direct funds to this sector, through the superannuation fund, tax breaks and regulatory requirements for investment trusts."

Another factor is New Zealand's current very high rates of real interest – the market rate less inflation – which are twice the historical long-term margin. "This means money is not flowing to share investments, which fuel economic growth, but rather into fixed interest investments like mispriced finance companies with quite disastrous results," says Locke. "We really need to do a lot better for New Zealand to strengthen the company sector and ward off the wave of subprime problems washing over our private sector."

smlocke@waikato.ac.nz



TAKEOUTS

The business of agriculture

Waikato Management School will offer four new papers in agribusiness starting in 2009. The papers will cover strategic management, international marketing and sustainable agriculture, and may be taken in part fulfillment of a Graduate Diploma in Agribusiness or a Graduate Certificate in Management. "The School already provides research expertise in these areas to government and industry organisations," says Assoc Prof John Tressler, Director of Academic Programmes. "These new programmes will draw on that experience, to build the skills and knowledge needed for agribusiness." They will be available to undergraduate students wanting a specialised introduction to this area and those from the industry seeking to further develop their business skills.

tressler@waikato.ac.nz

Cleaning up our water act

Environmental economist Sandra Barns has been awarded a European Commission Marie Curie international research fellowship to work at the University of East Anglia for a year on a project looking at the impacts of environmental policy on the rural communities. Barns, a former Waikato Management School student and now employed by Environment Waikato, says work she and her colleagues have done in New Zealand and Australia fits well with what's being done in the UK. "I think we'll be learning from each other," says Barns. "We'll be looking at the impacts of rural land use and farm incomes and the impacts of alternative policies on such things as reducing nitrogen inputs, or retiring land from farm use."

Hamilton seeks 'big-picture' solutions

It's hard to get the balance right between economic growth, land use, and the protection of important environmental resources, but Hamilton is on the case, developing a city-wide environmental sustainability strategy. The city council has called in key agencies that have leadership roles in the city to ensure all interests are served.

"A coordinated approach will help us with the 'big-picture' solutions," says Dr Eva Collins from Waikato Management School. She and biologist Dr Bruce Clarkson are Waikato University's representatives on the steering group for environmental sustainability, which also includes representatives from DoC, Environment Waikato, the council, Tainui and EnviroSchools.

Collins says the group is completing an environmental scan, looking at what's happening already, before identifying the key projects to work on.

Probing technology on the farm



WHEN Hamilton-based electronic product development company Novel Ways wanted to find out a bit more about what actually was going on inside its electronic pasture probe, it turned to the University of Waikato.

"We knew we were indirectly measuring water," says Novel Ways' Graham Lynch, "but we weren't 100% sure how well it was working. So we ended up getting Steven in to double check the science and to see if we could easily increase the extent of the electromagnetic field around the probe."

Steven McCabe is midway through a Bachelor of Engineering degree, majoring in electronics. He spent three months over the summer at Novel Ways under the University of Waikato's work placement programme, funded through a government Technology Internship.

Pasture probes are used by farmers to measure the dry matter in grass – this helps them estimate the pasture yield and make feedbudget decisions. Some devices for determining pasture mass are purely mechanical, measuring the 'stiffness' and height of the grass stalks, but they don't work so well on pugged soils and they can't be used on hills. Electronic capacitance probes use an electromagnetic field to measure water content within the grass as a way of determining its dry matter content.

Under the guidance of electronic engineering expert Professor Jonathan Scott, McCabe set about analysing Novel Ways' pasture probe with a laboratory impedance meter, and found ways both to improve the accuracy of the measurement and to quadruple the sample area measured by the probe.

"We got some results very quickly, thanks to Steven and Jonathan's input," says Lynch. He's now

ENGINEERING EXCELLENCE:
Graham Lynch and Steven McCabe are finding better ways to monitor pasture quality.

planning to incorporate the developments in a new version of the probe.

"The project yielded at least four absolutely key pieces of information, either ideas we'd come up with or things we'd found out," says Prof Scott. "In engineering, to come up with four ideas in three months that are proven and demonstrated to work is absolutely fabulous."

"The educational advantage for the students in gaining real-world workplace experience is immense," says Dr Karsten Zegwaard who oversees work placements for all second- and third-year Bachelor of Engineering students, and has close to 400 employers on his books. "For Steven to be able to go into a placement and come out with something that could be commercialised is fantastic."

Steven McCabe says he relished the opportunity to work on a practical electronic engineering project. "I could apply a lot of the stuff I'd learned at university to something real."

"Steven could have been picking fruit all summer to earn money," says Lynch. "Instead, thanks to the Technology Internship funding, he was working on a project we needed doing. And he's been outstanding. There'll be a job at Novel Ways waiting for him when he graduates."

www.novel.co.nz
jbs@waikato.ac.nz

For more information about the work placement programme in the School of Science and Engineering, visit www.sci.waikato.nz/student_info/work_placements or contact Dr Karsten Zegwaard at k.zegwaard@waikato.ac.nz

Agricultural showcase for science and innovation pays off



PROFESSOR ROY CRAWFORD:
Innovation is already yielding results.

THE Waikato is gearing up for the annual National Fieldays – the largest agricultural event in the Southern hemisphere, but the impact on the regional and national economy will be felt long after the exhibitors have packed up for another year.

Last year, Waikato Management School economists calculated that the 2006 Fieldays triggered about \$630 million in direct, indirect and flow-on economic activity across New Zealand.

Most of that was in exhibitors' sales, according to the economic impact analysis by Professor Frank Scrimgeour, who's also dean of Waikato Management School, and Associate Professor Stuart Locke of the Finance Department.

"We're certainly not expecting that figure to drop," says Dr Locke. "During times of economic

uncertainty, people tend to seek good information on the best way to cut costs. At Fieldays, farmers can network with experts and look at ideas that can reduce outgoings – it makes sound business sense."

This year, Fieldays marks its 40th anniversary, and it's expected to be the biggest and best ever. The University of Waikato is in its first full year of being a strategic partner of the National Fieldays, alongside the National Bank, and Vice-Chancellor Professor Roy Crawford says the university is using this year's Science of Farming theme to show the community how much it can offer the land-based industries.

"We are a significant provider of research and innovation to the agricultural sector, and the national and international prominence of the New Zealand National Agricultural Fieldays gives us a unique

opportunity to work even more closely on initiatives of regional and national benefit."

Professor Crawford says innovation at the university is already yielding results for the industry. "The likes of the pasture probe to measure the dry matter in grass, and the process to turn animal waste into biodegradable plastic are just two examples of how the university continues to add to the body of knowledge around agriculture."

He says the university is keen to engage visitors to the Fieldays and has arranged a series of seminars by the 'Bugman', Ruud Kleinpaste, and university lecturers who are experts in fields such as fertiliser, energy efficiency in the dairy industry and rural land prices.

rcrawford@waikato.ac.nz

Smashing good fun

WITH YouTube-style videos showing office desks being destroyed and a 'live' billboard in central Hamilton, Dairy NZ's new youth advertising campaign presses all the right buttons for attracting the notoriously ad-resistant Gen Y-ers.

The Get Fresh! campaign is aimed at attracting school leavers into dairying, both on-farm and the wider industry, and it's a new foray into the youth market for Dairy NZ. The man masterminding the campaign is Geoff Taylor, a Waikato MBA graduate who's currently heading up Dairy NZ's human capability programme.

The choice of an interactive website was fundamental to reaching the target 15-18 age group, he says. "Getting past school and parental gatekeepers is incredibly challenging, so we looked at ways to get people accessing the information in their own time, in their own language and in a way they can relate to."

Taylor says Dairy NZ challenged their ad agency, Hot Mustard, to 'go wild'. So they did. Visitors to the Get Fresh! website can choose to blow up an office desk using dynamite, crush it with a tractor or destroy it with a flailmower.

Alongside the fun stuff, they'll find career information on dairying (which doesn't seek to hide the early morning starts...) and video profiles of young dairy workers doing cool things like chain sawing logs and driving farmbikes.

Taylor says the industry needs 4,000 new skilled workers every year, so it's important for young people to know that there is a career path into dairying. "You don't have to own the farm," he says. "Business ownership scares the pants off most of these kids, they want good jobs for now with career progression, and I think the dairy industry can offer that. We have 20-year-old farm managers who are pulling in \$80k."

Taylor's own career path reflects the message behind Get Fresh! A town boy, he entered the dairy industry through an agricultural science degree. "It was a great start as it gave me a better understanding of the country's biggest industry and opened doors as a result." After a couple of years on a farm, he started doing consultancy work with individual farmers to improve business performance.



GEOFF TAYLOR: MBA gave him more management tools to put in the toolbox.

From there he moved to Dexcel, the predecessor to Dairy NZ. "I found I was in a slightly more corporate environment and although I knew what people were talking about I didn't have the right words myself," he says. "So I signed up to do the Waikato MBA."

The part-time course at Waikato Management School involved giving up evenings and weekends over two-and-a-half-years, but Taylor says it's all been worth it. "I've got a whole load of management tools to put in the toolbox, and a range of new contacts from my classmates, lecturers and guest speakers."

Taylor graduated last year at the top of his class. "The MBA is a practice relevant qualification and the ability to 'do' things, and make a difference is what it's really all about," says John Tucker, director of Waikato Management School's Centre for Corporate & Executive Education. "Geoff was able to demonstrate to his employer

that he was able to very effectively apply his learnings into their organisation, and add value to it."

Taylor has called on his MBA learning in his role managing Dairy NZ's \$4.5 million investment into human capability projects. "I use lecturer Marcus Powe's tools for evaluating business propositions, and I've been able to use the work I did on my MBA assignments to look at different aspects of business and get a feel for how things could be shaped, shifted or improved."

And the understanding he's gained of marketing principles has certainly come in handy for the Get Fresh! campaign – "I've definitely started looking at ads very differently," he says.

*www.getfresh.co.nz
geoff.taylor@dairynz.co.nz*

For more information on the Waikato MBA, visit www.execed.ac.nz or call 0800 800 891



A load of old tripe?

A FEW generations back, people knew what to do with what was left over after butchering an animal – you turned it into black pudding or haggis or a nice plate of tripe. But in these more squeamish times, as any butcher will tell you, there's not much call for offal.

Enter two University of Waikato scientists who have come up with a way to transform meatworks byproducts from worthless waste into useful – and non-polluting – plastics. Novatein, the company set up to commercialise their findings, has already attracted an injection of venture capital.

The new process, developed over two years by chemical engineer Dr Johan Verbeek and Masters student Lisa van den Berg, can turn animal protein waste like blood meal and feathers into a biodegradable plastic using industry-standard plastic extrusion and injection moulding machinery.

"Proteins are polymers so we know they can be turned into plastics," explains Verbeek. "Plant proteins have successfully been used to make bioplastics, but animal protein has always ended up gumming up the extruder. The process we've developed gets round that problem. People said it couldn't be done, but we did it!"

The innovative process, which is currently being patented through the university's commercialisation arm WaikatoLink, is one of four new technologies that has attracted more than one million dollars in investment from venture capital firm Endeavour Capital. The funds will be used to develop prototype products.

"Most universities find it difficult to attract investors for ideas that have just come out of the lab," says WaikatoLink CEO Mark Stuart. "It's testament to the good relationship we've built with Endeavour. They know that we have a good, robust process for screening research ideas for commercial potential."

For Verbeek, the most gratifying bit is using low-value sustainable waste to create a high-value product that breaks down without polluting the environment. "The material we can produce has the strength of polyethylene – the plastic used in milk-bottles and plastic supermarket bags – but it's fully biodegradable."

He says a group of design students is drawing up a blueprint for a commercial-scale plant to assess the commercial viability of producing bioplastics from animal protein waste.

Verbeek expects the bioplastic will be suitable for agricultural plastic sheeting, seedling



PLASTIC FANTASTIC: Lisa van den Berg and Dr Johan Verbeek putting waste to work.

trays, plant pots and even biodegradable golf tees, for which, he says, there's a surprisingly high demand.

"Novatein has the kind of high-growth global market potential that we look for in new technologies," says WaikatoLink's Mark Stuart.

"It's a source of plastic that doesn't rely on petroleum, so we also see it potentially being blended with conventional plastics to reduce the total petroleum load."

*jverbeek@waikato.ac.nz
dharpur@waikatolink.co.nz*

Market of 1.3 billion beckons for Waikato MBA grad

DOWNTIME for Waikato MBA graduate Patrick Watene means roaring around on a classic World War II style BMW. Nothing unusual about that for a dedicated revhead like Watene, except that he lives in China where classic bikes like his are about as common as flying saucers.

"It's fair to say we get a lot of stunned but happy looks when we cruise by," says Watene.

Ten years after gaining his MBA, Watene is in the vanguard of New Zealand's push into the China market, with plans to become the biggest independent kiwifruit producer there.

"We're building a world-class kiwifruit industry from the ground up," he says. "We're well ahead of schedule to have more than 1,000 hectares under high-paying varieties within the next five to seven years."

China is the world's largest kiwifruit producer, and Watene's company GlobalHort – based in the ancient Chinese capital Xi'an – is working with the Shaanxi provincial government to introduce new kiwifruit varieties and orcharding techniques to local farmers.

As part of its orchard to market integrated business model, the company has also brought in modern marketing techniques and branding – their fruit is sold on the domestic and European export market under the Panda brand.

"When I first turned up they were growing a kiwifruit variety that nobody really wanted,"

says Watene. "Farmers here have small plots, and they'd put their fruit in a box by the side of the road and hoped someone would come along to buy it."

The region – China's biggest kiwifruit growing area – has 17,000 hectares under kiwifruit, with more planned. "Our first model large-scale orchard on a 50 hectare block is up and running, and we've got another 50 hectares going in later this year. Here in China size does matter, and what we're doing here is developing orchards on a scale that matters, and that's of value to the local people."

China is a long way from the small South Waikato farming community where Watene grew up. He then spent nearly a decade as an officer in the New Zealand army, including a stint serving with the peacekeeping forces in Cambodia. So it was an added bonus, Watene says, that he could come home to the Waikato for high-quality executive education.

"One of the key reasons I chose the Waikato International MBA was because of the exposure it would give me to a wide range of international business people during the course. It gave me a wonderful insight into the different cultures and business practices around the world, and really did whet my appetite for going international."

The kiwifruit project grew out of contacts Watene made with Chinese officials during a three-year stint with the kiwifruit marketing company Zespri. "New Zealand has a well-



PATRICK WATENE: Putting New Zealand's well-earned kiwifruit reputation to work in China.

earned reputation in kiwifruit," he says. "It's just a matter of Kiwi companies getting out there and finding opportunities for cooperation and partnership."

But doing business in China is no easy task, and Watene credits the MBA with giving him a solid background in economics and international business. "Understanding economic forces and drivers is critical in developing any business, especially one like ours here in China," he says.

"It's important businesses don't overlook the risks when they're considering the huge potential of the China market, and in my view establishing good relationships is helpful in managing some of the strategic risk."

Keeping ahead of the game is all-important wherever you are, and Watene has now secured rights to two new varieties of kiwifruit – a sweet red-fleshed variety which

he's marketing as Panda Red Kiwi, and a new gold variety that will go into commercial production this year.

"With good quality Hayward [green] kiwifruit also coming on in bigger volumes from this year, we are now able to offer a traffic light of varieties – red, green and gold – which is a nice place to be," he says.

"It's exciting for us being on the doorstep of the world's highest paying kiwifruit markets in Taiwan, South Korea and Japan. But China is the world's fastest growing consumer market, and customers here are increasingly demanding – and most importantly can pay for – better quality and safer food. Our ability to produce large-scale volumes of safe, high-quality and high-value kiwifruit positions us pretty well within this market."

www.globalhort.co.nz

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Taking sustainability to the very end

WE'RE bombarded with advice on how to live a more sustainable life, but there aren't too many options for people seeking a more natural way of performing the rituals of death.

In Auckland, however, Deborah Cairns and Fran Reilly have joined forces to set up an alternative funeral business, which offers more natural alternatives to chemical preservatives, competitively priced burials and more personal ceremonies.

Cairns and Reilly both had unsatisfactory experiences with the traditional funeral industry, and decided they could offer something better. For Cairns it was also an opportunity to continue the sustainability journey she had started when she and her partner created the beverage company Phoenix Organics.

"I wanted to be a part of a business that was sustainable, ethical, doing some good. It's the only way that I'd work,"

State of Grace has been in business for two years, and already it's making waves in sustainability circles. Last year, the company won a Sustainable Business Network award, and this year an analysis of the business reached the finals of a prestigious international competition.

The Oikos Sustainability Case Writing Competition aims to promote the development of new, high quality, case studies of real-world businesses working in the field of sustainability management and strategy.

Sustainability researcher Dr Eva Collins of Waikato Management School, who co-wrote the State of Grace case study, says the

Switzerland-based competition is the premier international competition for sustainability case writing. Cases were submitted from Asia, Australia, Europe and North America. This year, State of Grace was the only case from outside North America to make the finals.

The State of Grace case was one of three studies that Collins wrote with co-authors Professor Kate Kearins and Dr Helen Tregidga from Auckland University of Technology's Business School. Each offered insights into how small New Zealand businesses are tackling difficult environmental and social sustainability issues head on.

Collins says that because more than 87% of New Zealand businesses are quite small (employing fewer than six people) sustainability here cannot be left to the big corporates.

"Deborah and Fran are part of a growing phenomenon of 'ecopreneurs' who concentrate on starting environmentally and socially friendly businesses," Collins says, "but they want to go even further."

"We've found enabling families to participate in the funeral helps facilitate the grieving process," says Cairns. "We do around two funerals a week, and what matters to us is making sure this last act of love is done the way the family wants it."

State of Grace avoids the toxic chemicals used in embalming and instead keeps the body chilled with icepacks. The company uses biodegradable caskets wherever possible, and is lobbying for a local natural burial ground where people can be buried three feet deep – rather than the standard 'six feet under' which is too deep for natural decomposition to take place – with trees planted on top.

Arranging a sustainable funeral needn't cost more, they say. A typical State of Grace

An unsustainable way of death?

Each year, the 22,500 cemeteries in the US bury:

- 827,060 gallons of embalming fluid
- 1,636,000 tons of reinforced concrete for vaults
- 14,000 tons of steel for vaults
- 90,272 tons of steel for caskets
- 2,700 tons of copper and bronze for caskets
- 30+ million board feet of hardwoods for caskets

Source: Environmental Journalism Centre, 2002



funeral costs \$3,000 to \$4,000 compared to \$5,000 to \$10,000 for a package of services from more traditional funeral directors.

Collins says businesses like State of Grace show that New Zealand has the potential to become a world leader in sustainability for small and medium enterprises. "We already have that can-do, 'number eight wire' mentality. New Zealand entrepreneurs who incorporate sustainability in their businesses will have a head start on the business model of the future."

www.stateofgrace.net.nz
evacolln@waikato.ac.nz



ECOPRENEURS: Deborah Cairns and Fran Reilly represent the business model of the future.

Business buy-in to reducing poverty

WHEN we think of businesses moving their production lines offshore, pictures of sweatshops and cheap labour can easily spring to mind. But there are some novel methods businesses can use that will contribute to the well-being of people in poor nations.

Waikato Management School economics lecturer Dr Michael Cameron has been studying poverty reduction and social development in northeastern

BUSINESS DEVELOPMENT:
Factory jobs help combat rural poverty.

Thailand and says there are real opportunities to contribute to sustainable development.

One way is to 'adopt' a village. "In the project, a private sector firm – the sponsor – 'adopts' a village and assists its development through a range of activities," says Cameron. "These might include establishing factory jobs near the villages, developing the business skills of the employees, strengthening local institutions, and improving the natural environment."

Cameron and colleague Dr Steven Lim have been investigating the poverty-reduction and social development aspects of the Thai Business Initiative in Rural Development (TBIRD). TBIRD is a rural industrialisation project that promotes the establishment of factories at sites in relatively poor, remote areas. The project is facilitated by the Population and Community Development Association (PDA), a prominent Thai NGO.

The TBIRD site Cameron and Lim studied was in Khon Kaen Province, about 450 kilometres northeast of Bangkok and in the poorest, most economically disadvantaged region of Thailand. The site is home to several manufacturing firms, ranging from just a few employees to several hundred. The two largest employers produce shoe parts for Nike and medical and other uniforms for export.

The rural villagers benefit from the employment, higher incomes (particularly for women), and reductions in rural-urban migration, with consequent public health benefits such as reducing the spread of HIV-AIDS.



The private sector sponsors benefit from the cheaper land and labour in rural areas, as well as a highly motivated and productive workforce, says Cameron. "Sponsors are often attracted by the ability to show their commitment to corporate social responsibility. The key novelty of the project is that the government and the PDA provide conditions that align the goals of the firm with social development goals.

"We found that the factory jobs improve the income generation and other material prospects of the factory workers, and that the jobs created by the rural industrialisation tend to actually go to the poor."

Michael Cameron has been awarded a \$5,000 Waikato Management School MTKS Education Fund International Scholarship to participate in the Fifth International Conference on Environmental, Cultural, Economic and Social Sustainability being held in Mauritius in January 2009.

mcam@waikato.ac.nz
slim1@waikato.ac.nz



TAKEOUTS

Global business education initiative

Waikato Management School has become the first New Zealand business school – and one of the first 100 worldwide – to sign up to a global initiative to promote corporate responsibility and sustainability in business education. The Principles for Responsible Management Education (PRME) initiative aims to develop a global engagement platform for academic institutions and is backed by the UN Global Compact. Associate Dean for Sustainability Professor Juliet Roper says signing up to the PRME is a significant milestone marking the School's commitment to teaching and practising sustainability. "It's important to us to be part of this initiative. Endorsing it means we will continue to include corporate responsibility and sustainability issues in curriculum development and will encourage leadership that advances responsible business practices."

www.unprme.org

School takes leadership role in sustainability

Waikato Management School has taken a leadership role in sustainability, establishing the Asia-Pacific Academy of Business in Society (APABIS). The organisation uniquely brings together government agencies, business, business schools and NGOs to work towards a sustainable future for the Asia-Pacific region. Other founding members include Griffith University, INSEAD, the University of the South Pacific, Beattie Rickman Legal and Unilever. In October APABIS will hold its annual conference in Singapore, focussing on the tensions among business, social and environmental needs. There will also be a workshop on developing key strategic competencies across business school subject areas, and another on technologies for greenhouse gas mitigation.

www.apabis.org

School joins European research network

Waikato Management School has been invited to be the New Zealand representative in the European research networking group for information systems. ERCIS, the European Research Centre for Information Systems, brings together researchers across the fields of computer science, business administration and institutional legal issues. Headquartered in Germany, ERCIS has members in 16 countries. Prof Jim Corner of the Department of Management Systems says ERCIS is about organisational design. "It's not just about systems but how they connect with people, and that's of huge importance to business." He says membership of ERCIS will also enable the School to apply for EU research funding.

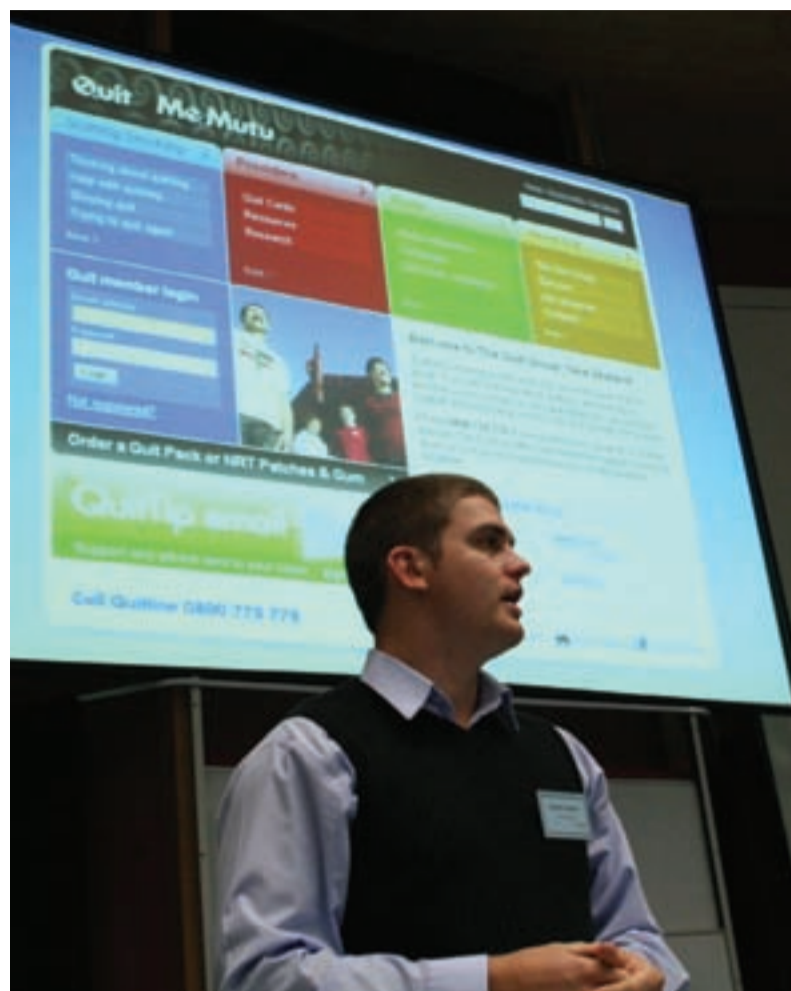
www.ercis.de

New degree proposed

Graduates who have technical expertise or specialist knowledge in a particular subject, but have had little or no management experience may find a new degree proposed by the Waikato Management School just the ticket. Starting next year, the School's Centre for Corporate & Executive Education is planning to offer a Masters in Business Management. It builds on the skills gained in an undergraduate degree and will provide comprehensive preparation for a career in management covering the core skills for effective management, business strategy and governance, corporate finance, leadership and management to achieve sustainable outcomes. The qualification is still subject to New Zealand Vice Chancellor Committee approval.

execed@waikato.ac.nz

Quitters find back-up in blogs



WWW.QUIT.ORG.NZ is a major success, judging by the hits it gets. It started small with 150 hits a day, now clocks about 1,500 and is still growing.

Waikato Management School communications graduate Hayden Sanders is a communications adviser for The Quit Group – a charitable trust funded primarily by the Ministry of Health, set up to help New Zealanders give up the fags. Sanders joined the Quit Group straight from university. When he arrived, the annual budget for the website was about \$2,000 and expected to be 15% of Sander's job. "It grew to be 110% of my job and we spend considerably more now having appointed two more staff members to work on our web pages."

Sanders was speaking at the first e-Engage conference, held in Hamilton for workers in the not-

HAYDEN SANDERS:
Getting through to smokers trying to give up

for-profit sector to help them become more savvy with ICT. He told delegates that no matter the project you've got to have a big dream and work backwards. "The original Quit Group website was great for other organisations in the sector, useful to media but not so much for our target audience – smokers trying to give up. We checked traffic, and it was smokers, often going through hard and lonely times, that were the main users of the site. We had to make the site better for them."

The site now has 4,000 members and is pulling in another 300 to 400 a month. Quitters can order patches and gum online (far, far cheaper than buying them over the counter), there's a quit calculator that works out how many cigarettes quitters haven't smoked and the money they've saved, and there are quitter blogs.

"Those three pages get the biggest hits," said Sanders. "People use the blogs like a journal, outlining their quitting journey. It turns out they're also using the blogs for support and advice between quitters – non-experts giving each other encouragement. We're now developing an online forum."

Sanders says there's a lot of trial and error involved in establishing an interactive site and you've got to be prepared for technical glitches. He advises launching sites very, very quietly, without promotion, ironing out potential problems before the site gains momentum. He says you also have to be prepared to sink hours and hours into it. "And the blogs have to be moderated. We're getting about 20 new blogs a day, and we get complaints if we're a bit slow posting them."

"It's definitely not a site you can put up and leave, though no site should be like that. I'd also advise to stay clear of jargon, do plenty of testing with your target audience and be prepared to put the time in to keep the thing ticking over efficiently."

Incidentally, busy times for the website are 9am when people get to work, 3pm (smoko!) and 10pm, "when quitters go online instead of having that last cigarette before going to bed".

Sanders has now secured Ministry of Health funding to set up www.smokefreecontacts.org.nz which will be like a yellow pages online for tobacco control. "It's about adapting Web2.0, not just taking it out of the box," he says.

www.quit.org.nz

Getting up to speed

THERE are a number of reasons why the community and volunteer sector has lagged behind big business and the public sector in its uptake of Information Communication Technology (ICT). It's seen as expensive to use, there's been a lack of expertise, and in some cases the technologies haven't been seen as relevant to achieving goals.

But with the explosion of new, free or very cheap applications where most of the technical work has been done, there's no reason why not-for-profits, community groups, iwi and the like should not be going the whole hog with ICT. Web2.0 in particular is all about community collaboration, social networks and sharing.

More than 140 people who work in the not-for-profit sector met in Hamilton earlier this year for the first e-Engage Your Community conference. They went to learn more about using the internet and computer applications to better engage with their customers and clients, collaborate with other groups, and improve

their general efficiency in administration and fund raising.

The day-long event was organised by the Waikato 2020 Communications Trust and hosted by Waikato Management School. The Trust aims to get more people connected, competent and confident in using new technologies. It's already developed WaiNet (www.wainet.org) which provides free hosting and development of websites, blogs and virtual offices, and the New Zealand Webguide (www.weguide.net.nz), which provides guidance and advice to the sector on using the net.

The participants got the low-down on Skype, podcasting, live streaming, how to use Basecamp, blogging, moodles, Paypal, wikispaces and more.

Management communication professor Ted Zorn (pictured), chair of the Waikato 2020 Communication Trust, says while most in the community and volunteer sector don't have budgets the size of Hayden Sanders' for web projects (see story above), the



principles of design and application are the same no matter the scale. "If the conference exposed participants to the opportunities and potential for ICT in their organisations, and if it gave them more confidence to embrace it more fully, then that's certainly a successful start," says Prof Zorn.

The conference was part of a Management School-led research project, funded by BRCS (Building Research Capability in the Social Sciences), to assess the impacts of the use of social media/Web2.0 tools by community and volunteer organisations.

tzorn@waikato.ac.nz

In a perfect world...

AS TRADE barriers tumble and businesses scour the planet to source and produce products at the cheapest possible price, it's essential the supply chain runs smoothly to reap the benefits of globalisation.

The trouble is, crossing cultures and time zones can trip up the most international of organisations.

Florian Kache, a German masters graduate from Waikato Management School, says the barriers to creating a smooth supply chain are huge. For his masters, he researched a leading international electronics firm, first working at one of its plants then carrying out research in its plants and offices in Taiwan and China and two German production facilities. His focus was global purchasing, and he found the biggest barriers to efficiency were cultural clashes and communication.

From a cultural perspective, Kache says the Chinese workers, who were the major suppliers of parts, were often intimidated by the directness of the Europeans, and so would say 'yes' out of politeness and then often fail to deliver or reach targets. Then resources were stretched and time was wasted on fire-fighting to put things right.

"I don't think the firm I studied would be any different from any other business operating in the international environment in that management acknowledges there are problems throughout the chain but they don't know enough about what's going on down on the shop floor to fix them."

Kache says you have to expect processes to take longer when you're working across borders and backgrounds, and weigh up whether local sourcing might be a better option despite any short-sighted price differential.

But he says communication is often no better between departments, even when they speak the same language. "Departments have budgets and in order to meet those budgets staff will be instructed to devise ways to ramp up production or keep costs down, and often that's done in isolation without consultation or consideration for how other departments might be affected."

To understand the company's complex supply chain, Kache says he literally mapped out all the processes and then looked for 'hidden' solutions, helped by talking to employees. In all, Kache found seven root causes for supply chain hiccups; poor processes, poor or unreliable information systems, employee resource constraints, poor or inefficient communication, staff training, a culture of blame, and functional silos.

"I found mistakes and frustrations were often kept from top management, that there was a lack of cultural training and a tendency to blame. I think it's important not to blame others for things that simply cannot be changed by the workers conducting the tasks. It's a matter of navigating around cultural issues and through problems. There's no blueprint for cultural understanding, but it calls for sensitive and flexible management."

He recommends sophisticated globally-linked IT systems as a necessity for global sourcing, but that requires whole-systems thinking and well-trained, responsible, decisive and adaptive employees. "You also need to have balanced power parity that features local management, streamlined operations, structured processes and knowledge management."



FLORIAN KACHE:
"There's no blueprint for cultural understanding."

Kache's academic supervisor Associate Professor Paul Childerhouse says Kache's research singles out a number of significant barriers to globalisation. "He identified multiple forms of waste and inefficiency common in international supply chains. As a student he has a large appetite for new knowledge, is a thinker and he's not afraid to express an opinion which is great in a learning environment. I wouldn't be surprised if he comes back to Waikato to complete his PhD."

In the meantime, Kache has returned to Germany to work for Accenture Management Consulting, specialising in supply chain management, doing investigations similar to his masters thesis. "People don't think of supply chain management as a particularly glamorous aspect of business," he says, "but the satisfaction comes from helping companies and their employees to become more competitive."

pchilder@waikato.ac.nz

Once you've got it, how do you keep it?

COMMENT

By ALISTAIR HART

NEW ZEALAND business people are constantly exhorted to get bigger, faster, richer. But while we focus on wealth creation we overlook the essential question: once we've made our money, how do we keep it? Even if you've been successful and retired early you may still need more growth in income and capital value than a bank term deposit due to inflation eroding the value of your nest egg.

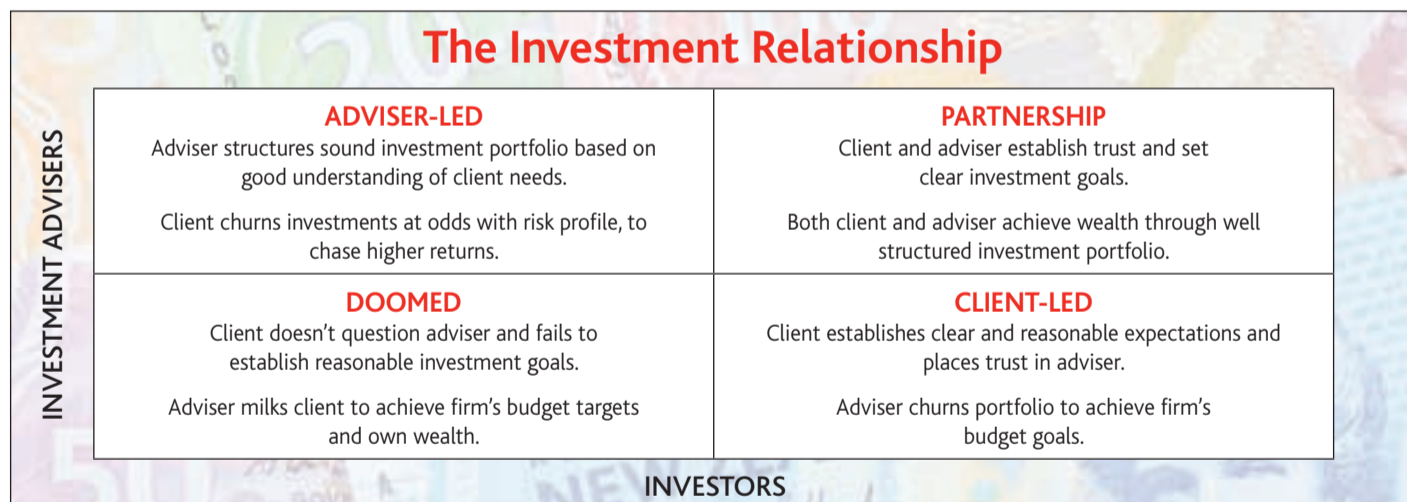
In the past decade or so, I've seen many strategies applied by investors and investment advisers.

Investors range from 'I'll swallow whatever my broker/adviser tells me because I don't understand finance' to 'I'll be clear about my needs, question intelligently, and treat the relationship as a partnership'.

Advisers range from 'My priority is to use his money to make me rich' to 'My success will be a natural result of achieving her investment goals'.

The recent finance company collapses suggest that too many investor/adviser relationships are in the bottom quartile of the investment relationship grid (see graphic).

None of my clients had money in the collapsed finance companies because even a cursory reading of their balance sheets raised red flags. But successful business people focus their attention in the areas of their strengths and organise others to cover the gaps. That means they typically leave their adviser to get on with the job. A big name brand doesn't guarantee good investment decisions.



Let's consider two stages at which business people establish a relationship with an investment adviser.

The first is at the wealth-builder stage. The owner is still active in the business and as it becomes successful more profits are distributed to her. What investment strategy should she adopt?

These investors usually have an appetite for risk but there are some risks they should rarely take on. One common error is to own the building from which the business operates, because if the business falters their property's value drops precisely when they need to maximise it. A well structured portfolio for these risk-tolerant clients could include a high percentage of shares and perhaps an equity stake in another business. The goal is to grow their wealth in a balanced way, spreading the risk away from their business.

The second stage is when the owner exits the business and is cashed up. Their goal then is to protect their wealth and provide an income which at least keeps pace with inflation. Their days of high risk business ventures should be over and they should focus on investing in a portfolio that provides a growing income stream and some capital growth for the next generation.

Understanding these investment approaches is straightforward. What is often more challenging is finding an adviser with the skills and incentives leading to a successful long-term partnership. Here's what I would look for:

- Someone who will be around longer than me. I don't want to start a new investment adviser relationship in my old age and definitely wouldn't want to put my wife through the experience. Unfortunately, mortality statistics don't lie!

- Good skills. I would consider qualifications, experience and track record.
- Incentives aligned with my interests. Many advisers have six or seven income streams and the more they change your investments the more they earn. That's not in your interests.
- Do they care about you? If you're a male, I recommend you invite your wife to meet potential advisers. She's likely to be more perceptive in recognising the adviser's real motives!

With a trusting relationship and a sound investment strategy, the most important elements are in place for long-term investment success.

A Masters graduate of Waikato Management School, Alistair Hart is a Hamilton-based portfolio manager. For more information, contact ahart@hartcapitalpartners.co.nz.

Measuring work-life balance

IN TODAY'S competitive labour market it makes good business sense for companies to go the extra mile to look after their employees – whether it's through flexible working arrangements, paid parental leave, childcare subsidies or health initiatives.

"We've found organisations are interested in work-life balance more so now than ever before," says Waikato University organisational psychologist Professor Mike O'Driscoll. "If employees have a good work-life balance usually it's good for the organisation as well as the individual."

O'Driscoll has helped launch an international research project to assess the effectiveness of work-life initiatives and to validate a new measure of work-life balance. Researchers in New Zealand, Australia, Hong Kong and China will survey employees across a wide range of workplaces over a three-year period.

"One of the things we'll be looking at is to what extent work-life balance contributes to work performance, absenteeism, staff turnover, health and job satisfaction," says O'Driscoll. "At the same time, we're trying to come up with a good way of assessing people's perceptions of work-life balance."

Surprisingly, he says, there are currently no reliable measures available. "One measure looked at the amount of time spent on different activities. It's a more objective measure, but it's not how most people understand work-life balance. From our perspective, what really matters is whether the individual feels that their life is balanced."

And that, he says, can change over people's working lives. "Often young singles are quite happy to work long hours, but people with families or other dependents have a different view. You can't really come up with an objective measure, it's a psychological issue."

The survey asks respondents to rate their perceptions of their own work-life balance, and O'Driscoll says the researchers will then collate and match the responses to other questions about job satisfaction, work performance and family life. He says the project also aims to find out if the measure can be generalised across different cultures and settings.

O'Driscoll says the research will also identify whether an organisation has any family-friendly policies, and whether indeed such policies make a difference to work-life balance. "Most studies would suggest it's not policies and benefits per se that make a difference, it's the culture of the organisation. Having such policies may contribute to a more supportive culture, but they're not enough in themselves. It boils down to having a supportive line manager or supervisor."

Research project manager Derek Riley is currently completing his doctoral studies in organisational psychology. Before going to university, the former sharemilker (he still gets up at 4am) had his own consultancy offering health and safety and quality assurance services. He's used to going into a variety of businesses and organisations, and says he can sense whether or not there's a good work-life balance.

"It's the atmosphere," he says. "The way people communicate with each other. You can tell by the energy created there if it's a good place to work."

Riley says there's been a lot of interest from organisations in the research. "Participants get an individual report on our findings from each annual survey, and can use that to track their progress in introducing work-life balance initiatives," he explains. "They can also use the reports to benchmark themselves against other organisations."

m.odriscoll@waikato.ac.nz

Best foot forward



LEADING BY EXAMPLE: Southern Cross CEO Dr Ian McPherson gets a workout on the Switch2Well 10,000 steps programme.

Organisations that are interested in participating in the University of Waikato research project can contact Derek Riley on dr11@waikato.ac.nz or 021 126 6370

A WORK-LIFE balance initiative in a leading health care company has achieved high employee engagement and is proving a powerful tool in the fight to attract, motivate and retain good staff.

The Southern Cross Medical Care Society's Switch2well programme won the innovation category in the Equal Employment Opportunities Trust's 2007 Work & Life awards.

Developed with a high level of staff input, Switch2well rewards participants with paid 'wellness leave' and deposits in individual health management accounts. Other benefits include vouchers for nutrition consultations, on-site Weight Watchers meetings during work hours, vouchers for personal trainer sessions and fortnightly no-cost GP visits to the workplace.

The impact has been huge – both for individual employees and for Southern Cross. In the first six months, participation rates had reached 94%, 27 employees had given up smoking and 71 had lost a total of 355kg in weight. Moreover, absenteeism had dropped by nearly 15% – equivalent to three times the organisation's investment in the programme.

www.southerncross.co.nz



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Smart filing

GOOGLING has entered the lexicon, but imagine if you could 'google' your office filing cabinet in the same way that you can search for documents and emails on your computer. A Waikato University computer science student is well on the way to creating a 'smart' filing cabinet that can do just that.

"I'm building a database system that links the physical folder and a digital representation of that folder," explains PhD student Matthew Jervis, who's the recipient of a national Top Achievers Doctoral Scholarship. "You can search for a document on your computer, and when you find it, a light will flash on the right physical folder in the cabinet."

Once the smart filing cabinet is plugged in to the computer, the system can detect what's been added and what's been removed; everything is tagged and assigned electronically so the information on the database is continually updated. This means the likelihood of losing a file is far lower than in a conventional filing system.

So no more rummaging in filing cabinets for lost documents, but weren't we all supposed to be moving towards the paperless office?

Jervis says in lots of cases physical documentation is necessary, and people find it easier to annotate. "The aim of my project is to investigate and develop systems to bring the digital and physical realms closer together so that there is a more fluid work-flow."

Jervis has a background in ubiquitous computing – that's when computer technology is embedded in everyday things so you don't even know it's there, such as smart fridges and smart heating systems.

His doctoral supervisor, Dr Masood Masoodian, works in the field of human-computer interaction (HCI) which looks at how computers can improve people's lives.

"In the next five to ten years, a lot of technology will be embedded in the office environment," says Masoodian. "Matt's technology is an example of this."

The researchers have applied for a patent for the technology through the university's commercialisation arm, WaikatoLink, which is



NO MORE LOST FILES: Dr Masood Masoodian and Matthew Jervis aim to embed technology in the office environment.

funding the hardware for the development of a prototype cabinet. Jervis hopes to have the prototype ready by the end of July.

Mark Stuart, CEO of WaikatoLink, says the smart filing system has the potential to revolutionise the way people interact with physical and digital workspaces. "The system leverages the best of both worlds by allowing individuals to read, annotate and file physical documents for legal purposes, while at the same time enabling them to easily search for and retrieve those documents electronically."

"There's huge potential to extend this technology," says Masoodian. "The smart filing cabinet is part of a larger system for managing documents in an office environment."

Outside of the office, the researchers see applications for the technology in archives, libraries and medical record systems. "In fact, anywhere where people need to know who's accessed records and what changes they've made," says Masoodian.

*masood@cs.waikato.ac.nz
www.waikatolink.co.nz*

Joined-up thinking in tourism

GETTING to the top of the Kaimais could become a whole lot easier if a proposed Te Aroha tourism project goes through. A Morrinsville businessman has plans to build a cableway up Mt Te Aroha, and Waikato Management School tourism researcher Dr Anne Zahra has been called in to do a feasibility study.

"It's just one indicator of the untapped tourism potential in this region," says Zahra, who has also done a report on tourism development for the Waikato regional development agency, Katolyst, and contributed to the New Zealand Tourism Strategy 2015.

"We've tested the market and people think a Te Aroha mountain cableway is a great idea," says Zahra, but she cautions that any tourism venture has huge implications. "Just some of the things that need to be considered are cost, return on investment, any disturbance of the natural environment, waste and water, design and construction of the building and facilities, impact of visitors to the area, and of course, marketing."

And that, says Zahra, can be a major stumbling block for any tourism project. "Local authorities often have no strategy for tourism and generally there's little coordination between government, tourism organisations, operators, local government, environmental organisations, and partnerships with Maori. Often small tourist organisations feel isolated and unsupported."



ANNE ZAHRA: "There needs to be ownership of tourism at the local level."

There are tools out there to help operators and local authorities plan and develop sustainable tourism. The Ministry of Tourism has tourism forecast data sets for infrastructure and other planning needs, and there's the Tourism Planning Toolkit, which the then tourism minister, Mark Burton, said at the time of its launch was "designed specifically to help local authorities maximise tourism's benefits while minimising any impacts on their communities". But Zahra says sometimes people are not aware of these resources or find them hard to use.

"There needs to be ownership of tourism at the local level and we need to try to eliminate all the fragmentation in the sector and instead focus on collaboration," she says. "At the same time there needs to be better synchronisation of central government policy and practice at local level."

Given the right support, local tourism initiatives can work. "More than a hundred people participated in the Katolyst Waikato Tourism project," Zahra says. "The project led to the formation of a tourism group for Cambridge/Te Awamutu to try and coordinate their tourism activities, and hopefully it will lead to a strategic plan for tourism in the Waipa District."

a.zahra@waikato.ac.nz

TAKEOUTS

Award for top communicator

A campaigner in the field of women's sexual and reproductive health is the winner of Waikato Management School's award for management communication alumni who are excelling in their profession. The 2007 Ted Zorn Alumni Award went to Alice Clements, PR and communications manager for Marie Stopes International Australia.

Prof Ted Zorn said the selection committee was impressed by Alice's consistent success in her various positions since graduating seven years ago. "Alice strives for excellence in her work, in every undertaking. She also exemplifies a strong focus on ethical practice, one of the explicit criteria for the award," he said.

See pages 1 & 2 for story on Alice Clements' work with Marie Stopes International Australia.

Gone yet not forgotten...

Banks that lose customers to another bank can take heart from some research by Waikato Management School Associate Professor of Marketing, Dr Ron Garland. He's found that while some people move banks to get better rates or because they're unhappy with the level of service, a considerable proportion of customers switch banks for reasons beyond the bank's control. "For these ex-customers, the cast-off bank is gone yet not forgotten," says Garland. "They retain enough goodwill to warrant banking executives reconsidering ways to recapture their custom." He says the research, co-authored by Gavin Lees of Massey University and Malcolm Wright of Victoria University, will help banks plan customer retention strategies and provide a better understanding of why people switch banks.

rgarland@waikato.ac.nz

Happiness is shopping – or is it?

It's long been an accepted belief (particularly among men) that women go shopping to make themselves happy. But findings by researchers at Waikato Management School suggest that may be a bit of an urban myth. Marketing masters student Emily Meese, working with Associate Professors Carolyn Costley and Lorraine Friend, collected photographs from a group of women illustrating what happiness meant to them.

Based on the photos and interviews, she found two major themes – personal relationships and nature – contributed to the women's sense of being themselves and made them happy. Consumption contributed to their happiness in terms of their relationships with others, but was also seen as damaging nature – an unhappy outcome. The researchers conclude that consumption can contribute favourably to happiness, but consumers need to know more about its unhappy consequences.

ccostley@waikato.ac.nz

New editors for small enterprise research journal

Associate Dean Research Prof Delwyn Clark and Associate Professor of Finance Dr Stuart Locke of Waikato Management School are the new editors of *Small Enterprise Research*, the journal of the Small Enterprise Association of Australia and New Zealand (SEANZ). Locke says the journal will continue to serve as a conduit for Australasian research into small and medium-sized enterprises, and will broaden its focus to include the Western Pacific rim.

smlocke@waikato.ac.nz

Anything good to take away?



SMITA SINGH:
"Entrepreneurial failure is a life-altering event."

IT'S A brave businessman (or woman) who's willing to talk about their failures, but there are such people out there willing to pass on what they've learnt in order to prevent others making the same big mistakes.

Smita Singh from Waikato Management School has been talking to nine men and one woman as part of her PhD research into entrepreneurial failure, finding out what they learned from their unfortunate experience. "Failure is a life-altering event," she says, "quite different from job loss - there's plenty of research about that - in that you're often responsible for employees as well as yourself and there are bigger financial consequences."

"We all make mistakes, they're unavoidable, but how we deal with them can be the difference between success and failure."

The ten people Singh has spoken to so far have had businesses in trucking, clothing, carpet retail, poultry, aquaculture, travel, a language school, a kitchen cabinet making business, recruitment, and in hospitality. Seven have picked up the pieces and mustered the courage to start another business.

"I have been staggered by the honesty of the people I've spoken to - some literally in the middle

of their collapse. They literally do grieve," says Singh. One man took ten years to recover from the failure of his business, but a decade on has changed direction and is selling his art to markets around the world.

"I've been looking at economic factors such as bankruptcy and insolvency, intractable disputes and legal problems as well as personal issues that contributed to the failure. People distanced themselves from family and friends and had deteriorating health. They had to give up assets and property, had to borrow from family to pay creditors and faced difficulty getting employment afterwards. People with strong family support fared better than those who had to cope on their own."

Singh says the most striking finding is the richness of learning reported by the people she interviewed. "They said they were now more realistic about their own personalities and skills and which traits were suitable for starting up a new venture. Alongside the business and economic knowledge they gained, the psychological learning was huge - learning how to deal with grief, guilt, depression and despair, anger and frustration."



They had also learned to manage money more wisely, to evaluate a potential business on fundamental economic and business principles, (don't go into business to rescue a personal relationship) to research, to know where your money is coming from and that failure does provide a good learning opportunity.

Smita Singh says her research is still in its early stages and she would like to talk to other people who've experienced business failure and are willing to tell their story.

smisin@waikato.ac.nz

Creating business value the new way

THE latest buzz words in business are knowledge management and IP. Businesses need to harness all manner of information and manage its flow to create value, and they need to integrate this knowledge with the latest communication technologies. The best way to do this, says California-based business consultant Verna Allee, is to create value networks.



JET POWERED: Boeing used Value Networks Analysis to boost productivity by 600%.

Allee is a regular lecturer on Waikato Management School's Executive Education programme. She defines value networks as any web of relationships that generates both tangible and intangible value through complex dynamic exchanges between two or more individuals, groups or organisations.

Allee has developed Value Networks Analysis (VNA) - a whole system of defining, mapping and analysing that identifies the tangible and intangible value creation among participants in an enterprise.

"We've had hierarchical, military type leadership, we've had process management, and now it's all about handling complex relationships, and that requires a major shift in how managers see the world," says Allee,

"It's not that process is obsolete," she says "but you can only fix the process once you've done your value network analysis. It's like stepping up the rungs of a ladder to see the whole landscape before you dive into process improvement. Define, manage, achieve."

An example of VNA in action comes from Boeing where Allee worked with staff on what would appear to be a tough assignment. With the new 787 coming on board soon, employees who serviced aircraft were told they had to increase productivity 600%. Instead of servicing one plane a day, they'd need to do six.

"You'd think it an impossible jump - you can't just work six times faster," says Allee. "And different planes have different needs so you need to be flexible."

By mapping the work they currently did as value creating networks they captured the

entire network of interactions in the test cycle, from minor local adjustments to fleet-level maintenance. From this mapping (known as a 'bubble chart'), Boeing identified and developed more effective and adaptable flowpaths. Workers then 'test-flew' the new approach through scenarios, then redesigned and refined. "Staff went through major learning curves that in the end came down to designing new systems that were simple but extremely robust." The new system went 'live' in March.

A lot of VNA comes down to teamwork and technology. "Technology gives us a wide reach and the ability to do a lot with massive amounts of data in a short time," Allee says. "The spreadsheet has given way to visual opportunities like we've never seen before and so scenarios can quickly be offered up, opportunities spotted or discarded. We can quickly identify and act on emerging patterns and trends, new patterns in data and relationships."

Teamwork, she says, needs to be encouraged in value networks, and it's not always something that comes naturally. "Often businesses are structured in such a way that employees are better off not sharing information or working together. People get bonuses for being top sellers, so why would they share what they know with other people? Why would you collaborate if the first thing looked at in your performance review is output? We track outputs, we track training, but how often do we track helping?"

"If you work collaboratively, especially in the early stages, then output may well drop.



VERNA ALLEE: Value networks need teamwork.

To get serious about knowledge sharing, a company should be looking at new staff, mid-level and experts, and trying to improve the entire demographic. Consider too whether you have the right kind of people for your strategic future and how well you are using their capability; your engineers should not be doing the photocopying."

Allee advises business leaders to think of their operations as networks. "It's about understanding and developing the skill sets in the network, working on flowpaths and collaboration, providing the tools to enable dynamic modeling, and being able to visualise beyond the spreadsheet."

Verna Allee is advising the Marshall School of Business at the University of Southern California as it establishes a centre for Advanced Value Network Analysis. She visits Waikato Management School at least once a year.

www.vernaallee.com
exceed@waikato.ac.nz

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Waikato Management School's purpose is to inspire the world with fresh understandings of sustainable success. The School's corporate and executive education programmes are a vital resource for the business community in developing learning programmes that strengthen business.

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CONTACTS

Angie Knox
Waikato Management School
Media relations manager
Tel +64 7 858 5014
Mob 027 240 4074
angiek@waikato.ac.nz

Waikato Management School
The University of Waikato
Private Bag 3105 Hamilton 3240
Tel +64 7 838 4477
Freephone 0800 300 320
management@waikato.ac.nz
www.management.ac.nz