



From Rangiora to Global – Making the Leap



Taking a successfully trialled invention and catapulting it on to the world stage is a big ask for any small business owner.

And while it isn't a thought that scares Rangiora business owner Karen Upston, the road is being made easier and wider by her decision to build strategic alliances through New Zealand Trade and Enterprise's Escalator programme.

Karen (pictured above) and her husband Karl this year successfully trialled the world's first commercial scale disposable nappy composting system using HotRot technology developed by Christchurch's R5 Solutions.

By the time Karen approached Enterprise North Canterbury (ENC) in September for some independent guidance, she had had numerous requests from people, organisations and enterprises wanting to be involved with the business opportunity. However, choosing who to do business with, and how, was not easy for the Upstons.

ENC suggested a couple of routes including working through grant/finance options with the Canterbury Employers' Chamber of Commerce funding specialist Rob Lawrence. Rob referred Karen to the Escalator programme which helps businesses access independent specialist advice and raise equity capital to grow.

"I was a wee bit hesitant at first because

this has been our baby," says Karen.

ENC business development manager Sue Lancaster says that many fantastic businesses and ideas are stymied because New Zealand business owners are reluctant to share profits or control in exchange for the expertise or capital needed to grow a business.

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Want higher profits and productivity?

Research recently completed by the Ministry of Economic Development found that organisations with good human resource practices generally get higher levels of productivity, profitability and staff loyalty.

In an effort to provide information to local businesses wanting to increase workplace productivity, Enterprise North Canterbury recently ran two free workshops in partnership with the Department of Labour's Small Business Unit.

Further workshops (on getting the best from your employees through working smarter not harder) will be run if demand exists. Please email: denise@enterprisenc.co.nz if you are interested in attending a 2.5 hour workshop on the topic.

Enterprise North Canterbury wishes you all a very merry and safe Christmas and New Year



Encouraging Visitors

More awareness, more interest, more visitors and ultimately more sales are the expected outcomes of a collaborative partnership amongst artists in the Waimakariri.

The Waimakariri Arts Trail – a self guided tour offering art lovers the opportunity to meet artists in their working studios – was launched in November.

The project, co-ordinated by Visit Waimakariri and a committed steering group, involves a labyrinth of 23 working artist's studios and three galleries.

The arts trail brochure also includes 10 local cafes and four annual arts exhibitions. "This trail will build on our district's reputation as a place where art is accessible and of high quality, and offer visitors a personal experience when they visit an artist's studio," says Visit Waimakariri's marketing executive Catherine Richards.

Look out for the distinctive red signage on artists gates and help promote the project to friends, family and visitors. Waimakariri Arts Trail brochures are available from local cafes, libraries, council service centres, Kaiapoi Information Centre or check out www.artswaimakariri.co.nz



Making the Leap

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Karen says the Escalator programme helped her to realise that by giving away a little of the business, her and her husband had the potential to generate a lot more profits.

Karen chose to work with the Frontier Group which is one of four advisor companies contracted to the Escalator programme. Frontier outlined the “pros and cons of what sort of strategic alliance we could get,” says Karen.

“They helped work us through it but we always had full control over the process. They really opened our eyes to the opportunities that we could get from a strategic alliance that could take us global.

“Yes they get a success fee, but we are creating a world first and they have helped us to develop memorandums of understanding, introduced us to the right legal advice, consultants, branding companies and helped us to become investment ready.

“The support has really helped move things forward. For us it has been well worth it. We could never have gained that business experience (or mentoring support) ourselves in just two months.”

The Upstons are now in the final stages of the Escalator programme (a stage reached by only 60 businesses a year), and are working towards being ready to approach investors.

Escalating Success

The Escalator service helps growing small-to-medium sized businesses prepare for and find capital and/or a strategic partner or licencing agreement.

Four private sector advisory firms and the Economic Development Association of New Zealand (EDANZ) are involved in delivering the service under contract to New Zealand Trade and Enterprise.

The four brokers are Deloitte, I Grow New Zealand Ltd, Ignition Partner and Frontier Group.

The service is open for application to all New Zealand-based SMEs and start-ups

that have high growth potential and seek a deal (capital, strategic partnership or a licensing agreement) of less than \$5m.

The service provides a staged process to reach a deal.

Not all clients are successful in progressing through all steps, and the speed at which a client moves depends on the character of their business, the investment markets, and/or the quality of information clients can provide.

For more information on the service go to www.escalator.co.nz or phone 0800 822 748 or email info@escalator.co.nz

Grants Assistance for Businesses

Businesses can access four main types of business grants, according to Canterbury Development Corporation funding coordinator Graham Allely.

Businesses employing less than 20 full time equivalent staff or with a turnover of less than \$5 million per year are eligible for New Zealand Trade and Enterprise’s (NZTE) EDG – Capability Building Grants. These can pay 50% of external costs for market research, marketing plans, business plans, ISO or HACCP or similar quality system advice, technology training and advisory boards.

Businesses doing research and development (R&D) into new technology can get assistance. Smart Start grants can pay 50% of the cost for an external expert to solve early stage problems for an R&D project. TIF grants can help with the cost of a student or expert. TBG grants can assist with difficult technology projects that are well planned with

significant growth and export sales as a likely outcome.

The Canterbury Economic Development Fund (CEDF) can fund a limited number of business projects per year. CEDF can invest between \$100,000 and \$400,000 in projects that are new, innovative and different, and are likely to increase jobs and exports from Canterbury. CEDF usually buys a minority shareholding.

Businesses planning to spend more than \$40,000 in new export markets may get assistance under NZTE’s EDG – Market Development Grant. This funds 50% of economy airfares, accommodation, marketing materials, trade fair or demonstration costs and some other export market development costs. Grants can be up to \$100,000 per year, but this fund is likely to be exhausted soon so businesses need to be in quick.

For further information on funds, phone Graham Allely on 03 353 6854.

New Finance Newsletter

Anyone seeking information on how young and high-growth businesses can get better access to early stage funding and world class expertise will be interested in a new free online publication – NZ Young Company Finance. The publication is also aimed at providing investors and key players in the sector with a constant flow of deal information and feature stories. To get on the mailing list email: admin@connectnewzealand.com or phone (09) 309 2021.

Reducing compliance costs

The government is seeking feedback on a discussion document aimed at reducing tax-related compliance costs for small and medium-sized enterprises. Suggestions include raising some business tax thresholds so businesses have fewer tax matters to deal with and simplifying the law relating to entertainment and legal expenses, fringe benefit tax and GST invoices. Click on the Public Consultation link on www.ird.govt.nz by 31 Jan. to make a submission.

Enterprise Training Update

Enterprise North Canterbury is awaiting the outcome of a contract variation it has forwarded to New Zealand Trade and Enterprise seeking more Enterprise Training Programme workshops for the Waimakariri, Hurunui and Kaikoura districts over the next seven months.

Enterprise Training continues to be in strong demand in the region and as such more workshops are being sought.

Labour Market Strategy

A Labour Market Strategy is presently being developed for North Canterbury. Anyone interested in contributing to its development should contact Denise Wiggins at Enterprise North Canterbury on (03) 310 6860 or email denise@enterprisenc.co.nz

North Canterbury Women in Business Network

Women in business seeking to meet others may be interested in a new network being set up in the region. Shirley Goodwin is seeking expressions of interest from women. She can be contacted on shirleygoodwin@ihug.co.nz

Strategic Planning

Businesses wanting to know more about strategic planning may be interested in a three hour workshop being run in the region by Michael Campbell, who has co-ordinated the marketing for the Waipara Wine Growers Group. Michael, who has a Masters in Marketing and is presently undertaking a PhD in Strategy, will be covering how to partner with other strategic stakeholders and how to make strategy a daily process that keeps a business on track to achieve its goals rather than an annual event. The workshops, which cost \$40 per participant, are likely to be in Rangiora with other locations dependent on demand. For further information phone (03) 383 8521 or 021 618 615 or email: michael.campbell@xtra.co.nz

Tax Rate Drop Looms

The company tax rate will reduce from 33 to 30 percent from the beginning of the 2008/2009 income year – which is usually 1 April 2008 for companies with standard balance dates.

Doing Business Easy – Comparatively Speaking

New Zealand has been rated by the World Bank as the second easiest place in the world to do business along with the United States. The survey measured countries using 10 criteria, with New Zealand rating top for registering property, protecting investors and a lack of red tape. However, it was further down the scale on factors such as international trade, closing a business, employment and enforcing contracts.

Consultation Website

Want to have your say on business issues?

www.businessconsultation.govt.nz is for businesses wanting to register to be consulted by government agencies during the formulation of policy, or businesses that have regulatory issues they would like to raise with the government.

Business Advice Online

The government's new business advice website is worth checking out (www.business.govt.nz). The information and tools it offers are designed to help new business people, as well as existing business owners and managers wanting to grow their business or deal with the "day-to-day challenges" they face.

Hot topics are business planning, setting up a business, finance and cashflow, business advice and support and e-business. It also includes employing staff, selling a business, business regulations, exporting and importing, protecting business assets, sales and marketing and tax.

Kiwi innovation

New Zealand has the right conditions for innovation and entrepreneurship, including a favourable business environment but it faces challenges, according to a recently released Organisation for Economic Co-operation and Development (OECD) report.

The challenges include the broadband infrastructure, low business spending on research and development and some shortcomings in the diffusion and absorption of technology.

Internet Used for Deliveries

Most exporters in New Zealand use the internet for organising their deliveries, pick up and shipping of their goods, according to a survey by logistics company DHL. Most believe it is more time-efficient to do so. Of those who do not, it is because they prefer to speak to someone in person. Security fears rated extremely low.

GST Workshops

Need to know more about doing GST returns so that you can do them yourself? The Department of Inland Revenue runs free workshops for businesses on Goods and Services Tax and Income Tax. The next workshop – being held at 224 Cashel Street, Christchurch – is on January 24. To book a place on this or to find out about future workshops phone Lisa Provan on (03) 968 0417 or 029 968 0417

Fire Safety is Your Business

The New Zealand Fire Service has developed an easy guide for businesses to help them reduce their fire risk and comply with fire safety and evacuation regulations. Get a copy: Enterprise North Canterbury, 83 Ivory Street, Rangiora or email: office@enterprisenc.co.nz

Myth debunked

Massey University researchers have debunked the myth that 80 percent of businesses fail within their first five years. Researchers found that 78 percent of 1500 small and medium sized businesses were still alive seven years later. The Massey study used six different methods to locate the businesses which initially had been in business for one year or more.

International Students

From late November many international students will be able to stay in NZ for up to 12 months, instead of six, on a job search permit while they look for skilled work, according to Rural Bulletin. As well, architecture and accounting graduates, who need three years practical experience to achieve professional registration, will be allowed to stay and work in NZ for three years without the need to reapply for a work permit. A third change will give more flexibility to English language students who want to work in NZ while they study.

Briefings on Overseas Markets

New Zealand Trade and Enterprise's briefing and issues papers on various markets provide information of interest to exporters. The following summaries have been sourced from Rural Bulletin.

Australia

NZ exporters benefit from Australia's relative closeness, absence of tariffs, similar business culture, and a generally highly positive perception of our products. Australia is NZ's largest trading partner (NZ\$7.1 billion) and one of the most suitable first markets for most new exporters, says the Australia Country Brief (<http://www.marketnewzealand.com/common/files/australia-cb.pdf>). It says that more NZ firms should consider setting up business in Australia, entering into joint ventures or buying into distribution chains, and that food and beverages, specialised manufacturing and biotechnology hold strong potential for NZ exporters.

United Kingdom

The United Kingdom Regional Profile (<http://www.marketnewzealand.com/Common/Files/unitedkingdom-cbAug2007.pdf>) says that a long and close trading relationship with the UK gives NZ exporters an advantage in this market. The UK is NZ's fifth most important export market. While exports are dominated by food and beverage products, there has been strong recent growth in aircraft exports. Exports of services are also significant. The UK is proving a very successful market for NZ knowledge-based exports in the fields of software solutions, electronic and telecommunications products.

Philippines

Filipinos have a strong preference for imported products, which offers opportunities for NZ exporters, according to the Philippines Country Brief (<http://www.marketnewzealand.com/Common/Files/philippines-cbJuly2007.pdf>). The Philippines is NZ's 10th largest export market, and second biggest in south-east Asia after Indonesia. While exports are dominated by dairy and wood products, the report says several other sectors hold strong potential for NZ. One of the most promising is information and communications technology, the food and beverage market is growing rapidly and other opportunities exist in tourism, education and timber products.

China

Doing Research on China – A How To Guide (<http://www.marketnewzealand.com/Common/Files/DoingMarketResearchonChinaMarch2007.pdf>) offers exporters practical advice about where to start researching opportunities in the vast Chinese market. Topics covered range from how to check the reliability of potential clients and partners to market access and intellectual property rights. The guide is aimed at both new and experienced exporters. China is NZ's fourth largest export market, worth \$1.25 billion in the seven months to Sept. 2007.

Thailand

The Thailand Country Brief (<http://www.marketnewzealand.com/Common/Files/thailand-cbAug2007.pdf>) says there are growing opportunities for NZ food and beverage exporters. Thailand was NZ's 17th largest export destination in 2006, with exports of \$437.7 million – about half of which was from dairy products. NZ firms exported an estimated \$10 million worth of education, consulting and services to Thailand last year, including engineering and IT construction.

Turkey

Turkey is increasingly recognising NZ's expertise in earthquake engineering, according to the Turkey Country Brief (<http://www.marketnewzealand.com/Common/Files/Turkey%2007.pdf>). The report identifies several sectors offering good potential for growth such as engineering consultancy, education, CNG conversion equipment, geothermal and wood and building products.



Business Referrals

Enterprise North Canterbury – the region's economic development agency – is keen to hear from any business or prospective business not already making use of its services.

ENC runs free training programmes for new business start-ups and existing businesses, provides information and advice to local businesses, runs networking meetings, does free business assessments to determine services that might be of assistance, works with industry clusters and links exporters to assistance.

If you know of anyone who is already in business and not on our database, please ask them to make contact with us by emailing office@enterprisenc.co.nz. We would also be keen to hear from anyone looking at starting or buying a business in North Canterbury so we can help in the early stages with training and linkages.



Business Gems is produced by Enterprise North Canterbury. Contact: Sue Lancaster, Business Development Manager, 83 Ivory Street, P O Box 436, Rangiora, Phone (03) 310 6860 ext 1 email sue@enterprisenc.co.nz www.northcanterbury.co.nz

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