

Attributes of **successful** companies remarkably similar

Greg Shanahan is CEO of a multi-tasking and faceted organisation called the Technology Investment Network (TIN). With the support of the likes of New Zealand Trade & Industry and Ernst & Young, TIN's man takes a multi-pronged approach to unraveling the essence of what makes the local technology and investment sector tick.

He helps organise truly international and motivational seminars. He takes stock of the state of the country's Technology sector through the TIN 100 survey and report. He even puts into practice the lessons learned to help take solid, but still fledgling, intellectual capital further down the road to the marketplace (TIN is an investor in and manager of a medical device start up Klein Medical. Klein Medical is completing development of proprietary technology in the area of blood diagnosis).

Wearing as many different, but still inter-related, hats as he does Greg is uniquely placed to report on the universal truths for New Zealand organisations – be they upstarts or truly big businesses.

Perhaps his most passionate plea is this: “Look for, and love, what is best about the business lessons that is germane to this country versus going through the unnatural motions of pretending to be something that you're not.”

He likens the attitude of some to that of a ‘cargo cult’ – the type of mentality that says if you mimic, or ape, the United States way of doing things then great riches will magically fall from the sky. Whereas this was a reasonably prevalent attitude he encountered when he first set up TIN, he says approaches now are quite different.

“The really successful businesses here are the ones that look for opportunities where being yourself, and being attuned to what gives you an advantage are keys to success.”

Creative Energy

The creative energy behind TIN came, he says, from a combined personal and professional journey. Having lived in the United States during the dot-com/high tech boom and, on returning to New Zealand, Shanahan was surprised at the lack of momentum.

Rather than taking the position of being a business broker he thought his own personal style would better suit a facilitation and network creation model. Being restricted solely to a ‘middle man’ role would, he thought, be too limiting.

“I arrived back in the country right in the middle of the America's Cup 2000 defense. I thought a very good way to kick off a technology investment group was to hold some sort of opening forum or seminar series. I capitalised on the presence of some very influential technology and investment people who happened to be in the country at the time of the America's Cup. They initially were skeptical about my idea but it was a case of ‘well, if you get him on board I'll join in’ attitude. Once I had hooked a couple of heavyweight speakers others gladly joined in.”

Shanahan has no doubts that the relaxed, accessible atmosphere of the New Zealand business environment helped to pave the way to making his dream a solid proposition.

“I realised that a lot of the people looking for money also lacked any commercial acumen – there was more an information gap than a capital one.”



■ Greg Shanahan, CEO of Technology Investment Network (TIN)

The forum was able to expose people to the sorts of critical issues that they need to become aware of to engage in capital raising and also business and wealth creation. Ironically, dollars are often the least of people's worries."

Out of the seminar came the next plank of the TIN offering – the sector analysis and report. The Report is an objective look at the state of affairs in the tech sector. It is an annual undertaking designed to quantify key information and benchmark best practice for New Zealand's leading, internationally-focused, technology companies.

The first survey of 50 companies came out in 2005. In keeping with the market growth, the 2006 version focuses on what makes our top 100 technology companies (covering High Tech manufacturing, ICT/Software and Biotechnology) hum.

Shanahan observes – "One thing we have to be mindful of in New Zealand is that critical mass is essential. We seem to have a fascination with SMEs here without paying the necessary homage, and dues, to the big companies that are truly international and successful on anyone's terms."

On any world scale the likes of Fisher & Paykel Healthcare and Appliances, Navman, Douglas Pharmaceuticals, Weta, Datacom and others listed in the report are exceptional.

Built To Last

"My hope and passion is to instill in the sector a 'built to last' model rather than seeing some satisfied to take their businesses to a certain point and then sell out to someone able to grow it more. That is a wasted opportunity and doesn't allow our talent to truly express its potential.

"There are a growing number of successful companies out there who have remarkably similar models and cultures. The sooner smaller companies understand those attributes the better.

"The leaders of these large fast growing companies are the heroes of this picture and are often not given enough credit in the media. They have evolved in a very unique world where, only 20 years ago, New Zealand was one of the world's most regulated economies. In some cases, literally overnight, the reverse philosophy meant the doors of the world, coming and going, were firmly ajar.

"Those in the technology sector soon learned that the only game in town was the international one if you truly wanted to gain traction and size. Therefore, people have had to hone their skills not just in a deregulated environment but in a country that is miles away from any market.

"Also, on world terms, they discovered they were small 'bikkies'. That can be seen by some as a disadvantage but dealing with the reality produces a lean attitude and recognition of the fragility that comes from earning your next dollar. Vulnerability is a great motivator and great way to remain focused on what needs to be done.

"Many of their conclusions are natural and sensible reactions to events and challenges – like the flow of water they look for the path of least resistance. What the report says is that independently many of these people have reached their own conclusions that mirror others."

This synthesis of conclusions and commonly shared success factors is incorporated in what Shanahan calls the New Zealand Growth Model.

The model is both a culmination of the sorts of situations or talents that successful New Zealand companies have used as well as being a reality, or litmus, test of the conditions that start ups, or established ventures, may want to replicate.

On-Going Path

An avid practitioner of martial arts, Shanahan's approach to his involvement in the sector is very much a combination of day-to-day practice of fundamentals combined with accepting that the 'path' is long and on-going.

Yet from where he sits, the 'here and now' in New Zealand technology development and investment is extremely energising.

"The whole sector from research, to Government funders, to business realisation resources is really ripening. You can access virtually anyone here which is not possible in other countries. There's a lot more cohesiveness as people become more comfortable with what's going on blended with a real sophistication and understanding of what is required to grow and compete.

“Similarly, I think our focus is now more on talking about advantages versus disadvantages – they are often mirrored situations but the focus changes how you react. Because we are small we have to be more versatile and have a lot more multi skilled people than a US equivalent that can ‘buy in’ talent or capability. In the New Zealand case many people work together around a table to create a solution – this becomes the IP of the company that all have contributed to building. This same IP then becomes where value can be added and where margin created.

Overall in the industry more and more people are getting ‘it’ because they have been involved in the doing with clients, banks, government bodies etc. So all of this works to our advantage and shows that a New Zealand model makes sense.” ■

Ernst & Young is a leading provider of services and solutions to the Technology sector including High Tech manufacturing, ICT/ Software and Biotechnology companies. For more information contact your usual Ernst & Young adviser or Mike Rudd on 0274 899 933 or email Mike at mike.rudd@nz.ey.com

NEW ZEALAND'S TOP 10

Technology Companies:

- 1 Fisher & Paykel Appliances (public)
- 2 Navman (foreign owned)
- 3 Datacom (private)
- 4 Fisher & Paykel Healthcare (public)
- 5 Weta Workshop/Wingnut Films (private)
- 6 Dynamic Controls (controls for wheelchairs, foreign owned)
- 7 Tait Electronics (private, charitable trust)
- 8 Douglas Pharmaceuticals (private)
- 9 Gallagher (Agriculture and security fencing, private)
- 10 Tru Test (Agritech Products, private)

Technology Sectors by size:

- 1 Appliances (\$1,088 million)
- 2 Navigational Aids (\$540m)
- 3 IT services and Support (\$463m)
- 4 Healthcare Products (\$440.5m)
- 5 Biotech (\$277.4m)
- 6 Electronics (\$259.4m)
- 7 Software Development (\$243.8m)
- 8 Agritech (\$240m)
- 9 Digital Media (\$172.4m)
- 10 Production Equipment and Materials Handling (\$164.8m)

■ Source: TIN 100 survey and report – 2006