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**ENCOURAGING BUSINESS GROWTH –
POSITIVE STRATEGIES FOR
NZ ENTERPRISE**

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strategicVALUE
limited

- > It is essential that strategies are in a realistic context.
- > There is little real understanding of New Zealand's very poor economic performance, over some five decades.
- > The following slides illustrate this:

SLIDES

Other Important Elements of Context:

- Globalisation
 - E-commerce
 - E-wealth
- > While the New Zealand economy is characterised by slow growth and relatively slow economic performance the business environment is becoming increasingly dynamic – in terms of the speed and complexity of change.

New Zealand business must be able to operate in this environment.

For a successful business strategy it is essential to **KNOW YOUR BUSINESS:**

- What is the basis for competitive advantage i.e. intellectual property, access to resources, people capability and skills (R & D, M & A etc).
 - What are the strengths of the organisation, that can be built upon.
 - What are its opportunities, threats and weaknesses.
- > EVA analysis shows that New Zealand listed companies lost \$6 billion in 1999. This is disastrous.
- > It suggests inadequate attention to organisation, system, process and leadership – where New Zealand companies often lag behind their multi-national competitors.
- > EVA is a critical guiding principle for a successful business strategy.
- > Australia is suffering broadly similar problems, with head offices leaving Australia and some erosion of Australian business capability, in terms of having autonomous companies that can undertake major projects.

Conclusions:

- > Don't rely on growth in the New Zealand economy for general business growth. It may be appropriate in some sectors but it will need radical change for New Zealand's growth to match the OECD average or Asian growth.
- > There are serious policy risks in New Zealand, given the value structure and voting patterns in the New Zealand community, the increasing proportion of government expenditure on health, education and welfare and the growing welfare dependency.
The growing welfare dependency is a looming crunch over the next 5 or so years.
- > It is essential to understand the competitive strengths of your business and therefore potential leverage areas for growth. This needs a rigorous SWOT analysis.
- > For many firms' external factors, including government policy can exert as much influence on value as internal investment or operating decisions. Therefore it is important to engage on public policy issues and to attempt to influence the business environment, but the commitment of resources has to be carefully balanced against the potential to lose or add value.
There are a number of organisations that can make a worthwhile contribution to analysing the consequences of policy, educating the community and the importance of business and advocating business oriented policies.
- > It is essential to have a good overall view of the world and to weigh opportunities in New Zealand against opportunities elsewhere.