

NEW ZEALAND'S E-MAG FOR ENTREPRENEURS AND BUSINESS OWNERS

#nzentrepreneur

May 2015

10 QUESTIONS

with Julia Charity

Tall Poppy Syndrome's effect on NZ entrepreneurs

NZ Business Hall of Fame - Who?

How to start building a team with minimal funds

CONTENTS

- 4 From the Editor
- 6 You'll Need a Team to Get You There
- 10 10 Questions with Julia Charity
- 16 Be The First Cab Off The Rank
- 18 NZ Business Hall of Fame Inductees Announced
- 22 Coach Or Sales Management Menace?
- 26 Entrepreneurial Intelligence
- 28 Serious Social Investment
- 32 Ecosystem
- 36 Parting Shot

ABOUT / Short and sharp, New Zealand Entrepreneur is a free e-magazine delivering thought provoking and enlightening articles, industry news and information to forward-thinking entrepreneurs.

EDITOR / Jennifer Liew

ART DIRECTOR / Jodi Olsson

GROUP EDITOR / Colin Kennedy

CHIEF FINANCIAL OFFICER /
Alastair Noble

CONTENT ENQUIRIES /

Phone Jennifer on 0274 398 100 or
email jennifer@nzentrepreneur.co.nz

ADVERTISING ENQUIRIES /

Phone Jennifer on 0274 398 100 or
email jenniferl@espiremedia.com

WEBSITE / nzentrepreneur.co.nz



ISSN 2253-5683

NZ Entrepreneur is a GREEN MAG created and distributed without the use of paper so it's environmentally friendly.
Please think before you print. Thank you!

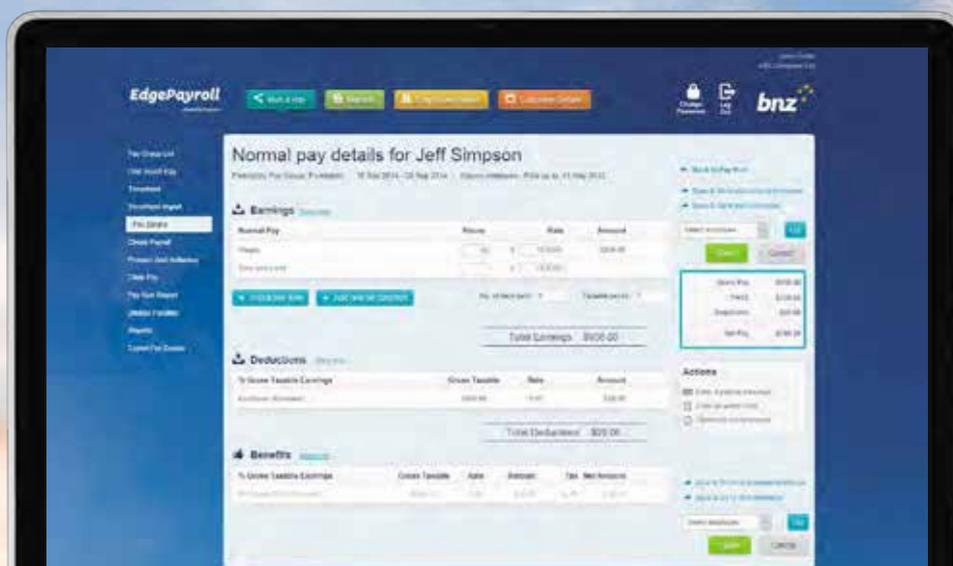
Payroll made easy.

BNZ EdgePayroll is a simple and easy-to-use payroll solution that takes care of direct crediting wages, PAYE filing, IRD payments and KiwiSaver contributions.

- › Simple and easy to use
- › Flat-fee from \$25 per month¹ - if you don't use it, you don't pay
- › Secure, cloud-based system
- › We've partnered with Datacom², a PAYE intermediary, which means you'll never miss a payment to the IRD
- › Full support available from a New Zealand-based help desk

[Click here to find out more.](#)

BNZ business transaction account required. 1. \$25 per month fee is GST exclusive and covers payroll services for one to five employees. Other one-off set up fees will apply. 2. EdgePayroll is provided by Datacom Employer Services Limited (Datacom) for BNZ customers. BNZ will receive a commission from Datacom for referring you.



**WELL WINTER IS**

DEFINITELY here. Without the distraction of sunny days where the beach or otherwise is calling, winter provides the perfect opportunity to reflect on where your business is at and where you'd like it to be. It's a great time to improve on things and build a stronger foundation. A kind of active hibernation.

A critical part of building on or improving the foundation of your business, which equips you to launch on to bigger and better things, comes down to how healthy and well positioned you and your team (should you have one) are to succeed.

This issue has a good dose of leadership and management advice to help entrepreneurs build and nurture successful teams. There is no success without the right team behind you and you'll need to be an inspirational leader to get the best out of them.

Jennifer Liew



Upgrade to the new Samsung now, and next year.

We'll cover your monthly Trade Up fee for a year, so you can also get next year's model.



SAMSUNG
Galaxy S6
32GB

\$29 upfront

\$45 per month
over 24 months

On any Business Freedom Plus Plan

Handset only RRP \$1099

SAMSUNG
Galaxy S6 edge
32GB

\$29 upfront

\$55 per month
over 24 months

On any Business Freedom Plus Plan

Handset only RRP \$1349

Get it on a Business Freedom Plus Plan today.



Business Freedom Plus
\$42.61
excl GST, \$49 incl GST
Freedom Term

2.5GB
NZ Carryover Data

Unlimited* Calls & Text +
to NZ and Aussie

Free Landline On Your Mobile
TeamShare
Team Share for an extra \$25 per month (incl GST)

We'll pay your monthly \$10 Trade Up fee for 12 months. So you can get the latest Samsung interest free on a plan, with a one-off \$120 upgrade fee.



Call 0800 022 249 today to speak with one of our Business Specialists.

Trade Up offer valid from 11 April to 1 June 2015, only with Samsung Galaxy S6 or S6 edge purchased on an eligible plan with an interest free mobile repayment (MRO). Trade Up must be applied on activation of MRO. We will credit you the monthly \$10 Trade Up fee each month for 12 months from activation, provided that you upgrade to the latest Samsung smartphone available at the end of 12 months; sign up to a new eligible MRO for your new smartphone; and return your current handset in good working condition (or equivalent payment). A \$120 fee applies on upgrade. After 12 months of your MRO, you will be charged the monthly \$10 Trade Up fee for each additional month up to the date of your upgrade. Plan, MRO and Trade Up conditions apply. Handset offer while stocks last. Standard NZ and Aus minutes and text. Premium rate numbers excluded. NZ data usage only. *Fair Use Policy applies. For full conditions visit 2degreesmobile.co.nz

You'll Need a Team to Get You There

Every successful business has a strong team behind it but how do you put a team together when you're starting out with minimal funds? Rachel Goodchild shares some tips with us.

ONE OF MY FAVOURITE

chapters in Carol Dweck's book on mindset talks about how far our view of Thomas Edison (he invented the light bulb) is removed from the reality.

We see this man, tinkering away alone into the small hours of the night, trying to work out his breakthrough by wavering candle light.

The truth is far removed from this. He was the leader, the motivating force, with a large team behind him.

Even ventures that look like a solo endeavour need to have people on the bus to make all the visions and plans come together. It's one of the scariest and biggest parts of building something – when, how and who do you get to help complete your vision?

The first step starts with working out what your strengths and weaknesses are, and sticking to them. Don't ever outsource or hire someone who can do what you do best, until you've got to the stage where you need more of 'you'.

However, at the earliest possible moment, select people who fix the gaping holes in your capabilities.



One way to work out what you need is to look at what your business looks like when it's working at full steam. What roles would be required? Would you need a CEO, a CFO, and a CIO? Will you need sales, marketing, admin, accounts, and customer service?

Map it all out, and then write your name in the spaces you know you can manage now, and where you have a high level of competency. Think also of what value you place on your own time. If you can make \$5,000 in an hour with a client, then that's what you need to be focused on.

Everything else needs to be filled by someone else if you want to grow your business. Make sure you consider

creating a rounded business, so look at the different personality types, and skill sets required. Entrepreneurial types are often attracted to working with other entrepreneurs, but you need doers that focus on what you want, more than what they desire.

Many entrepreneurs need help identifying exactly what they need, and can benefit from contracting some external help to remedy that. Getting it right at the start can prevent thousands of wasted dollars in poor employs and arrangements.

Of course, it's all very well giving you this advice, but if you are operating on a lean budget, and you're under stress, how do you fund all this?

HERE ARE 3 STRATEGIES THAT WORK FOR MANY ENTREPRENEURS

1

Create milestone marks in your business where the additional growth is ploughed back into the business, through employing someone. Get into the habit of putting away the money you will need for a new hire, then employ once you can guarantee you can pay them

2

Look at using virtual assistant boards such as www.upwork.com. This provides a range of freelancers from all over the world that can help with you with a very wide range of skills. You can use them to do technical work, admin, accounts and even selling. You can create ongoing relationships with them and they often cost less than an employee initially, but will tend to need more week-to-week direction.

3

Employ people initially on a contractual basis or, if hourly, make sure you limit the hours they can do before reporting back. Be aware this normally means a higher than normal hourly rate, but it also means you don't have as many compliance costs.

Avoid using:

- Interns if you aren't going to pay them and you haven't thought about what working for you will do to help them. They aren't your servants!
- Family or partners. While it can feel good initially, it's easy to slide into forgetting to put a monetary value on their work, and also work and life may begin to have very few separating factors.

When employing someone, do go over with them what your team values are, and ask them how their work would reflect those values. Take time to make good fits for your company, even if it's initially on a part time basis.

Each person you have join your team is a present and future ambassador of your company. Create a strategy for team growth, and build a team around you which supports your vision and you'll find your plans are far easier to achieve. ■



**FAST FORWARD
YOUR BUSINESS**

ROGER HAMILTON / AUCKLAND / JUNE 6-7

**Invest a weekend to Transform Your Business
at the World's No. 1 Entrepreneur Event in 2015**



FREE
Saturday Entry
Limited Tickets

The **MUST ATTEND** event for entrepreneurs is coming to NZ!



This is the one event to catch up with the very latest strategies and systems to fast forward your business.

Over 8,000 entrepreneurs have attended the Fast Forward annual tour, presented by entrepreneur and futurist Roger James Hamilton.

**BOOK YOUR TICKETS >>
NOW FOR JUST NZ\$39!**

**CLICK FOR
INFO & TICKETS**



**ENTREPRENEURS
INSTITUTE**



10 QUESTIONS

with Julia Charity

What's the story behind Look After Me, how did you get started and why?

I founded *Look After Me* in 2011 ahead of the Rugby World Cup. It's an on-line market place where guests book accommodation with homeowners who have unused space. We match guests to hosts with shared interests – like cycling, walking, golf etc.

The idea hit me like a bolt out of the blue in 2009. It haunted me and wouldn't go away, so in 2010 I put a Business Plan together. In 2011 I pitched the idea to WebFund, a company who helps technology start-ups. I just about died when they said "you're launching in three weeks!"

The idea hit me like a bolt out of the blue in 2009. It haunted me and wouldn't go away, so in 2010 I put a Business Plan together.

You've built New Zealand's largest Homestay Network and have had success in building strong international networks, how did you achieve this?

I started with my inner-circle – friends, family the Rotorua community and national service organisation Zonta. I also forged links with Tourism New Zealand which lead to an opportunity to be involved in a Korean Reality TV show.

They filmed two episodes in New Zealand. I matched Korean celebrity dads and children with Kiwi host families. The shows were watched by 20 million viewers.

I then helped Air New Zealand and Tourism New Zealand pitch for the rights to film the Chinese version of the show here and was the Project Co-ordinator. Again the celebrities were home-hosted. We made global social media history with 20 billion mentions on Weibo and the shows were watched by 1.3 billion viewers globally.



Daddy Where Are
We Going- in
Rotorua
Government
Gardens- Julia
Charity- Project-
Lead on set

How do you know you're onto a good idea?

An idea is only as good as the market it serves. I was lucky – people would hear about my business and say ‘what a good idea’. Many of these people turned into customers, so that’s the real acid test.

Ultimately I want this to be good for New Zealand, so I asked the Tourism boss – Rt Hon. John Key. He said “this is a good idea”. I also was encouraged when Rod Drury looked over my shoulder and said “you’ve got your thinking straight”.

More recently I’ve started working with James Kemp (former marketing manager for GrabOne) – he reckons “you’re really on to something”. So now I’m starting to believe it.

Entrepreneurship is completely different from your former career as a Plant Molecular Biologist - why did you start a tourism business?

Yeah it’s crazy isn’t it? Who starts an internet business at the bottom end of a recession, into one of the most conservative markets in the world, knowing nothing about business, tourism or e-commerce?

But actually there are many transferrable skills I learned from science that have helped with Entrepreneurship. I’m an experienced strategist, I like executing, I’m not afraid of data, I’m an experienced manager and I can communicate well. These are all valuable skills for an entrepreneur.



Alice and Julia bike riding

Looking back, are there any things you would do differently if you were to start again?

Isn't hindsight a beautiful thing? I wouldn't throw money at something and expect it to stick. I learned that from my first web-developer who promised me a Ferrari and delivered a Morris Minor – so due diligence on your suppliers is really important. It seems ironic but I would also learn how to 'look after me' – a valuable lesson when I suffered burn-out and was unable to work for six months. Finally, business is about making money – you don't drive a car and forget to put petrol in. I would keep a better eye on my Profit and Loss Dashboard. I made that mistake a few times. Gulp.

What do you enjoy most about being an entrepreneur in New Zealand?

I love the New Zealand entrepreneurial community! Being located in Rotorua I have found it easy to connect and learn from all of the investment shops and entrepreneurial communities in the North Island. I have been impressed with the quality of support and rate of growth our Entrepreneurial eco-systems now have, compared to even a few years ago. Where else could you pick up the phone and call our top entrepreneurial thinkers and just ask to pick their brains. I haven't been told to rack-off once!



LookAfterMe-Staff-2015



Ngahua Lodge Room

What are the most important skills or attributes you would advise new entrepreneurs to develop?

At first you need to be a good all-rounder and fairly robust to take the inevitable set-backs. Successful entrepreneurs never give up. Be like one of those Weeble dolls – “Weebles wobble but they don’t fall down”.

I think having an insatiable appetite for learning is helpful. You also have to know what success looks like and develop a clear vision and insatiable passion and a realistic, executable pathway towards it.



Are there any business books or biographies you would recommend?

I'm a big fan of kiwi entrepreneurs who have achieved success. So I've read the TradeMe book three times.

Can you even imagine New Zealand without TradeMe? How much money would eBay be syphoning out of our economy? Right now I'm on my third read of Sam Hazledine's 'Unfair Fight.' It's brilliant.

What are your hopes and plans for Look After Me? What would you like it to be globally recognised for?

There is no doubt that Peer-

to-Peer accommodation Networks like BedyCasa, Homestay.com, AirBnB and Tujia, are revolutionising the way guests book accommodation in Europe, America and China, respectively. Look After Me will continue to be the market leader and consolidate this concept here. We'll continue to pioneer the Sharing Economy as it establishes itself in New Zealand. We are currently seeking investment and are likely to refresh our brand and website.

We would like to be recognised globally as "the best little Homestay Network in the World" ■

Dr Julia Charity is a Scientist-turned-Entrepreneur, Writer and Performance Poet. She lives in Rotorua with 9 year old Alice. Julia believes people are New Zealand's best asset and is working with the Tourism Industry to ensure we uphold New Zealand's No. 1 standing in the world for how we treat visitors. For bookings or to list your space www.lookafterme.co.nz

BE THE FIRST CAB OFF THE RANK

The Best Time to Engage Customers

BY COLIN KENNEDY



WE READ A LOT about engaging customers, cutting through the clutter, getting our message across... the truth is that we only 'get through' when the potential client is ready, able and willing to buy.

When a person is actively looking for a solution, a product or a service, they will come looking for you. The rest is interruption and they will ignore or miss most of it.

And when they come looking, they will usually grab the first cab off the rank – don't we all?

In a way, good marketing is a bit like the taxi business.

You have to be there (you have to pay to be there as at Auckland airport); you have to be near the front of the queue; you have to be presentable and you have to be ready to go (this is particularly true of the B2B, services and big ticket items –

not so much FMCG).

In essence, good lead generation marketing is mostly about being PRESENT and PRESENTABLE.

Content marketing, SEO and brand journalism have enjoyed the meteoric rise that they have because they're ideal vehicles to achieve PRESENCE – low cost, durable, value-added and loved by search engines, which is essential for being near the front of the queue... which reminds me, where do you hide a dead body? On page two of Google.

Unlike paid advertising campaigns, content marketing is not transient. Done right, an article or a video, for example, can carry on adding value and achieving presence for ages when Ad campaigns come and go once the budget is blown.

Being PRESENTABLE though, that's the tough part.

PRESENTABLE content marketing is marketing communications that is relevant.

Good content, good SEO and constant and consistent activity are essential because it's not about cutting through the clutter, it's about being the first cab off the rank when the customer rushes out.

It adds value. The customer sees it and thinks: "Yes, they know what they're talking about, they're experts, they're credible; I can get into their back seat and I'll be fine. I can trust them. They'll get me to where I want to go".

Once that happens, the customer will search no further. You've done the job marketing was intended to do, and now it's over to sales.

Good content, good SEO and constant and consistent activity are essential because it's not about cutting through the clutter, it's about being the first cab off the rank when the customer rushes out. ■

Colin Kennedy, Head of Content from Espire Media is a thought leader in content marketing strategy and communications in New Zealand. www.espiremedia.com

NZ Business Hall of Fame Inductees Announced

The New Zealand Business Hall of Fame recognises and celebrates individuals who have made a significant contribution to the economic and social development of New Zealand. These outstanding New Zealanders have, over their lifetimes, not only created and run business that have made New Zealand great but have supported the cultural and sporting life of the country. We are so proud to announce our 2015 inductees



Neville Crichton
CNZM Motor industry,
Superyacht industry

Neville Crichton's passion for cars has seen his company Ateco Automotive become New Zealand's largest independent and locally-owned vehicle importer. The Ateco Group oversees the distribution of Ferrari, Maserati, Chery, Great Wall and Citroen throughout Australia and New Zealand. As the founder of Alloy Yachts, Neville also played a central role in creating New Zealand's superyacht construction industry which is now worth billions to the economy.



Chris Mace
CNZM Construction
& Investment

Chris Mace started his career with his family construction business at the age of 15. Since then he has been a director or an investor in more than 50 companies in the construction, manufacturing and retail sectors and was named the 2012 Maori Business Leader of the Year. Chris was a founding Trustee of the Sir Peter Blake Trust, chaired the Crown Research institute ESR and Antarctica New Zealand and is a passionate supporter of education, and science and research.



Annie Millar
Food services & Manufacturing

Born in Scotland in 1855, Annie Cleland Millar founded the business which ultimately became Quality Bakers Southland. Annie married John Miller and managed the Prince of Wales private hotel, which gained a reputation as 'the main eating house in Invercargill'.

Annie and her sons then spent more than 30 years building their own bakery and dining business. Annie founded a thriving local business and dynasty, with her family continuing their involvement until 1993.



Lloyd Morrison Investment

Lloyd Morrison revolutionised infrastructure investment in New Zealand. The founder of Infratil established a business model that enabled small shareholders to invest in power companies, airports and other infrastructure companies.

In addition Lloyd supported New Zealand art in many forms, created a consortium to purchase and save the Wellington Phoenix football team, and helped create the Pure Advantage group which promotes clean technology.



Dame Alison
Paterson Governance

In 1976, Dame Alison Paterson was the first woman appointed to a Producer Board, the Apple and Pear Marketing Board and was subsequently the first woman appointed to the board of a listed company.

She has held governance roles in many organisations including the Reserve Bank, Landcorp Farming, Waitemata Health Board and Vector.

Dame Alison's principal career focus has been agriculture, health and associated research and a motivation to add value and to 'give back' to society.



Sir Russell Pettigrew
Transport & Logistics

Sir Russell Pettigrew's first transport venture involved carting fence posts and battens after returning from World War II in 1944.

Later he formed RH Pettigrew Transport Ltd and developed the most extensive freight, timber, livestock and forwarding transport operations in the North Island. Sir Russell then helped to create Freightways, New Zealand's largest international road, rail air and sea service operation. He was knighted for his services to transport, community and sport in 1982.

“As you can see, the achievements of these remarkable people have been wide-reaching and long lasting. Our aim with the New Zealand Business Hall of Fame is to cherish these achievements and honour them in perpetuity.”



William & George Winstone Quarrying & Cartage

In 1864, William Winstone brought a horse and cart and began to sell and cart coal on the waterfront and streets of Auckland. His business grew to meet local demand and he was joined by his younger brother George.

The Winstone brothers were a strong combination and their business grew rapidly under their leadership.

Today Winstone Aggregates is New Zealand's largest aggregate company with 26 locations nationwide. ■

JOIN US

Laureates are admitted to the Hall by our patron the Governor-General at a fabulous annual black-tie gala dinner held at The Langham Auckland on Wednesday 29 July, 6.30pm. Book your tickets today at www.businesshalloffame.co.nz or call Young Enterprise on 04 570 0452.

COACH OR SALES MANAGEMENT MENACE?



Whether you're an entrepreneur who runs your sales team or you're looking to grow one, or you employ your sales manager, you need to be aware of these pitfalls to better your chances of sales team success.

BY RICHARD GEE

HOW MANY TIMES HAVE you worked for a sales manager who is in charge of either the sales team or the customer service team, who tries to manage by fear, threats, targets, budgets, and perhaps even a little bit of shouting, and maybe even the odd bit of personal

abuse? And their sales meetings are just rants and raves, with no motivational stimulation whatsoever?

Hopefully there's not too many of these 'old style' sales managers around, however many new sales managers, when faced with budgets to meet, and revenue targets to

achieve, get exasperated when their sales team just doesn't seem to be performing.

You may like to consider that the role of a sales coach is actually more suited to getting the sales team to recognise their potential and deliver promises over and above budget.

What does a sales coach do?

Firstly, the definition of a sales coach is somebody who helps the sales team see their potential over and above what they're currently achieving.

To help your sales team see their potential, you first of all need to fully establish the existing base level. This is done by analysing the customer base, analysing the customer purchasing trends, and face to face visits analysing the personal sales skills of the members of the sales team.

A good sales coach will spend 80% of their time out with the sales team, coaching on the job, adding to skills and fixing faults.

A good sales coach can sit in a sales interview with a sales person, and let them lose a

sale if their skill is not good enough, because the adverse is to jump all over the sales rep and prove to the customer that you really are an idiot coach because you haven't identified what skills you need to help the salesperson. You can always go back and revisit the customer to achieve the results.

A good sales coach will look at the daily call reports, alongside the salesperson, to help them understand how they have used their skill, their professional ability, and challenge them to do better.

A good sales coach will have sales meetings that have positive beginnings and positive endings. That is, they may start with the 'Wins of the Week', and they finish with the objectives to be achieved during the coming week, and look towards the future rather than back into history when examining trends and customer results.

A good sales coach will match up the best performing sales member in a 'buddy system' with the weakest performing sales member to see how they can grow the result and lift



the performing result of the sales team up a few notches to maintain the overall growth.

It's also worthwhile coaching people to maximise the business opportunities within existing relationships with clients, rather than always focusing on new prospects that take a while to develop full revenue opportunities. It's always easier to get more spend out of an existing client by giving them more reasons to purchase, identifying their problems, and finding solutions.

I once attended a sales meeting where the sales manager started off by telling the sales team that he was sick and

tired of their poor results, and they'd all be fired next week if they didn't start pulling in some sales. As expected, most of the sales team resigned or were quickly out looking for jobs instead of dealing to the real issues, which was why the company's products were not being bought by the customers.

Remember, people are your greatest resource, and if you can coach them to see their own potential as being better than what they're currently achieving, you will indeed have better performance. Be a sales coach, not a sales management menace! ■

Richard Gee, New Zealand based sales and marketing coach. www.geewiz.co.nz



“The way you see people is the way you treat them, and the way you treat them is what they become.”

Johann Wolfgang von Goethe German Writer & Philosopher, 1749-1832

Entrepreneurial Intelligence with Sandy Geyer

In your opinion what is the real difference between a leader and a manager? As an entrepreneur, does it really matter which one I am and is it possible to be both?



It's important to understand which to be, when and why. In my experience, management is most needed and effective as a short-term strategy around the beginning of a venture, to put in place the right people and systems around you.

This conscious placing is called your "inner circle". It is made up of people you position strategically to follow your direction whilst bringing all their experience, knowledge, strengths and ideas to the forward growth process.

If you try to manage your inner circle for longer than is necessary to position them, you will not only disempower them but you will burn yourself out by carrying much more weight than you should.

LEADERSHIP SHOULD EMPOWER

and expand human resources, whereas management can tend to disempower and restrict them, but there are certain times in your business development when your business might need you to be both.

44

As business leaders we must conquer ourselves first, and continue to do so as we realise that we need to grow ahead of our businesses

Sandy Geyer (Lion Lady)

Of course it's important to find those people who will respond well to specific direction, high expectations and carry their own weight. We often make the mistake of hiring those who know less than we do whereas we should be hiring those who know more than we do, or at the very least, who know about different things.

Whilst we feel compelled to manage those who know less than we do, we are naturally driven to stay ahead of those we admire and respect for their diverse expertise and experience. So you might need to be in a management space for a time, but you

need to be in a leadership space to remain focused on where you are headed, and creative around how you are going to get there.

Don't make the mistake common too many overworked business owners do, of letting your ego, fears, doubts or insecurities drag your heels on getting to that leadership space as quickly as possible. ■

In each issue, Sandy will be answering commonly asked questions from new entrepreneurs. If you have a question for Sandy to do with entrepreneurship, building successful businesses or the challenges and difficulties faced by entrepreneurs, email the editor at jennifer@nzentrepreneur.co.nz

Sandy Geyer is an entrepreneur and mentor and teaches the principles of entrepreneurial intelligence (EnQ), to entrepreneurs in New Zealand, Australia and South Africa. You can visit Sandy's website at www.enqpractice.com

Serious Social Investment

The rise of alternative finance for Kiwi entrepreneurs opens a lot more doors for business growth in New Zealand. Will Mahon-Heap from Equitise shares some encouraging global stats and local insights on equity crowdfunding.

BY WILL MAHON-HEAP



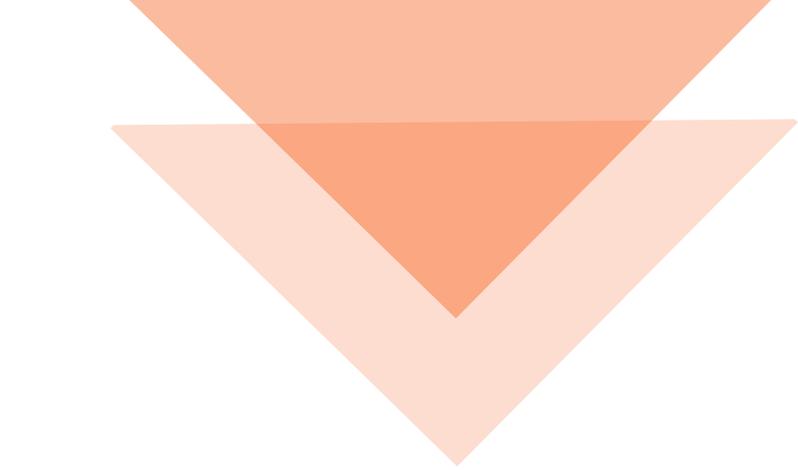
The global space

Crowdfunding is an exciting new space in the New Zealand spectrum of finance, and is referred to globally as alternative finance.

Alternative finance is often associated with its brother term 'fintech' or financial technology. The evolving

definition of alternative finance is fintech which is revolutionising banking and investing.

Nomenclature aside, alternative finance is no longer a storm in a teacup, but a worldwide flood. In 2014 lending based crowdfunding grew by 223% to reach a contribution of total



worldwide crowdfunding of US\$11.1billion, representing 68% market share when compared to 57% in 2013. Over the same period equity based crowdfunding volume nearly tripled, with an annual growth rate of 182% to reach each \$1.1billion.

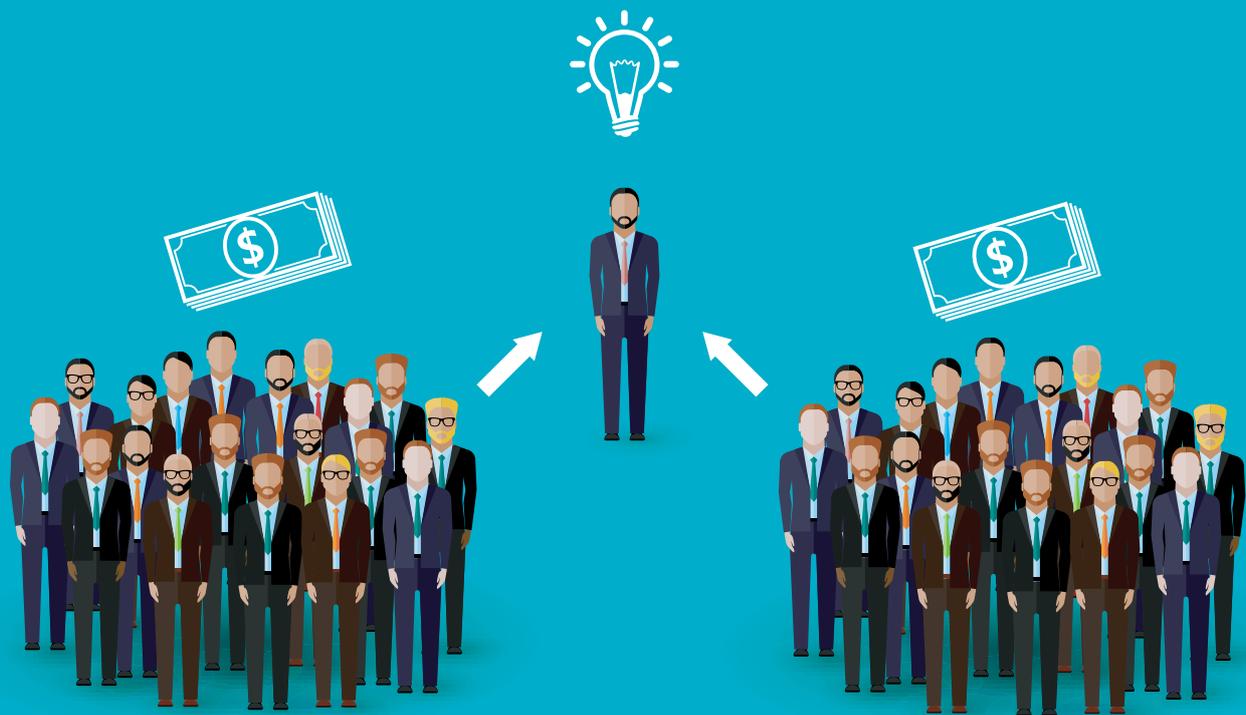
Equity Crowdfunding

Traditional rewards based crowdfunding involves a donation en masse with no economic return, and has distinguished if somewhat forgotten roots. For instance, in the 1870s Joseph Pulitzer asked for donations to help complete the pedestal of the Statue of Liberty. Popular brands like Kickstarter modernised this concept allowing individuals to donate to their favourite causes.

Equity crowdfunding on the other hand has a primary focus of raising equity capital for companies. It allows companies, which are usually high-growth, to raise capital through offering shares via an equity crowdfunding platform. The general public, and often sophisticated/wholesale investors, then subscribe for the shares through the platform.

Unlike traditional crowdfunding, equity crowdfunding should be associated with solid economic returns. Successful equity crowdfunding campaigns draw on the company's own networks, but also have to appeal to the general public by demonstrating a genuine and compelling investment opportunity.

It is having a demonstrable effect on businesses worldwide. In the UK for instance since raising capital through equity crowdfunding 70% of businesses have increased turnover, and 60% have increased employment (*Nesta, The UK Alternative Finance Industry Report 2014*).



Equity crowdfunding in NZ

In line with our number eight wire roots, New Zealand is a leading figure in the equity crowdfunding space, being one of the first countries in the world to regulate equity crowdfunding last year (through a once in a generation reform of New Zealand's financial regulations – sounds exciting doesn't it?).

The new Financial Markets Conduct Act removes traditional cost and compliance barriers of small-scale public raisings by allowing companies offering

shares through crowdfunding platforms to raise up to \$2million dollars from the public in a 12 month period.

This is an area that the government is enthusiastic and committed to growing, to use their own words "internet-based markets facilitate innovative ways for small businesses and individuals to raise money more efficiently". (MBIE, 2014 *Business Growth Agenda*)

In other words, equity crowdfunding is here to stay, nurture NZ business, and grow alongside them (it's a start-up industry in itself!).



There is a global trend of smaller businesses struggling to gain access to the cash they need to grow. Equity crowdfunding can help solve this by providing a lower cost way to raise capital from a large pool of potential investors

So why equity crowdfund?

Briefly, the first obvious answer is capital. There is a global trend of smaller businesses struggling to gain access to the cash they need to grow. Equity crowdfunding can help solve this by providing a lower cost way to raise capital from a large pool of potential investors. Secondly, if you're early stage, equity crowdfunding can provide market validation. And, finally engagement. You don't just gain investors, you gain advocates, advisers and marketers for your brand.

Where to from here?

We'll provide some ongoing commentary in the equity crowdfunding space. We look forward to addressing some of the following key queries, such as; how does equity crowdfunding interact with venture capital, and other traditional funding rounds? Complementary we think! Stay tuned for further information. ■

Will Mahon-Heap from Equitise. Crowdfund enthusiast, alternative finance follower, big data reader, internet of things watcher, escaped corporate lawyer. www.equitise.co.nz

TALL POPPY SYNDROME

Its effects on high profile New Zealand entrepreneurs

TALL POPPY SYNDROME

(TPS) is a phenomenon that appears to be synonymous with New Zealand's culture. Tall Poppy Syndrome is defined as "the New Zealand habit of denigrating or 'cutting down' those who are successful or who are high achievers" (Deverson, 1998 pg 833).

Dr Jodyanne Kirkwood has been studying Tall Poppy Syndrome and its effects on entrepreneurs for the past seven years. Recently, she conducted interviews with high profile entrepreneurs to see if their experiences of TPS were different to those who were more 'under the radar'. The results of that study are summarised here.

The 11 entrepreneurs (six women, seven men) in this study were selected because they have featured prominently recently in the media and/or have

visible roles within the entrepreneurship community (such as also being a social entrepreneur, mentoring other entrepreneurs or involved in entrepreneurship competitions and events).

Many have won awards for their business, or been awarded personally for their entrepreneurial efforts (such as in the New Zealand honours lists). Note that two entrepreneurs provided written answers due to time constraints.

The good news is that most of these entrepreneurs believed that Tall Poppy Syndrome does exist in New Zealand but it is not overly concerning to themselves as entrepreneurs. TPS appears to be so ingrained in our culture that people do not even know that they are doing it (knocking high achievers).

Becoming a high profile entrepreneur

It is felt that it is relatively easy to gain a high profile in New Zealand due to our population size and connectedness. Many of these entrepreneurs have actively cultivated a public profile in recent years but thought long and hard before doing so because they were concerned about the potential negative reaction to putting themselves 'out there'.

- Once this high profile is established, it is difficult to 'lose' in a small country, particularly due to the internet and the longevity and accessibility of information on the entrepreneur.
- Entrepreneurs use their high profile to their advantage, for PR and marketing for their own companies. The benefits of this free PR may far outweigh any negative comments that might occur as a result of the entrepreneurs' high profile.
- Entrepreneurs can use their own high profile to benefit others – through philanthropy. In many cases, the entrepreneur has

a cause, or a number of causes that they support or are a patron of, and others have established more formal charitable trusts through which to channel some of their profits in order to assist others.

- It is seen to be quite important to be viewed as being 'humble' and 'real', and not overly flashy, particularly around displaying wealth (eg. Cars).

It's not about knocking entrepreneurs; we just aren't good at celebrating success

By and large, it would appear that many of the comments entrepreneurs get are positive and congratulatory, but there is a minority of negativity that is directed at them. There was a perception that people do not want entrepreneurs to fail, but there is a degree of glee when they make mistakes.

Generally, many New Zealanders are not forthcoming in recognising the hard work and risk entrepreneurs take over a long period in order to be successful. Other findings showed:

- Most of these entrepreneurs felt that New Zealand is not alone in experiencing TPS, but New Zealand does not have the same culture of celebrating/admiring entrepreneurs as a country such as the United States.
- The effects of TPS may differ depending on the location within New Zealand the entrepreneur is based in. There is much celebrating of entrepreneurs success in centres such as Auckland, but less so in some other areas.
- Many entrepreneurs felt they were not congratulated for their business success (creating jobs, paying taxes, contribution to the economy), nor were they congratulated for their wider impact on the economy (i.e. the impact on suppliers, distributors, investment in other companies), or for their work for the community/environment.

Detractors - Largely on social media

Being a high profile entrepreneur often means they attract many comments on social media. The good news is that unlike entrepreneurs who are 'under the radar' and experience TPS in person from their staff, customers and friends, the high profile entrepreneurs experience negative comments from strangers, and primarily on the internet. It appears to be a lot easier to deflect comments from strangers than people who they know personally.

After initially reading these comments (particularly after articles in publications like National Business Review or on online newspapers) now most of the entrepreneurs do not read the comments at all.

Often this was an enforced decision by the entrepreneurs' spouse, friends or staff who advised that it was 'ruining their life' so they should stop reading them immediately. Some get other people (i.e. staff) to read the comments for them.

What can be done about TPS?

TPS is seen as a nuisance but many of the roots behind TPS are actually what we love about New Zealand – its egalitarian culture. Most of the entrepreneurs felt there was little that could be done to prevent TPS from occurring, but some steps can be taken to minimise its effects on entrepreneurs.

These include:

- Being aware of the existence of TPS
- Celebrating entrepreneurial success
- Networking with other entrepreneurs
- Having a mentor
- Talking in schools and to groups to educate them about what entrepreneurs really do.
- Profile more entrepreneurs in the media, emphasising that their success has not been 'overnight sensation', but often a result of many years of hard work, business failures and missteps before getting it right.

Entrepreneurs believed that Tall Poppy Syndrome does exist in New Zealand but it is not overly concerning to themselves as entrepreneurs. TPS appears to be so ingrained in our culture that people do not even know that they are doing it (knocking high achievers)

A survey is being conducted to try and get a better view of TPS and how it affects a wider range of business owners. If you wish to participate in an anonymous 10 minute survey on TPS and other issues challenging business owners, please click [here](#). ■

Study conducted by Dr Jodyanne Kirkwood, Senior Lecturer, Department of Management, University of Otago.
Jodyanne.kirkwood@otago.ac.nz

“If your actions inspire others to dream more, learn more, do more and become more, you are a leader.”

- John Quincy Adams