
EO NEW ZEALAND



THE STATE
OF KIWI
ENTREPRENEURSHIP
REPORT

NOVEMBER 2023

INTRODUCTION

“Adapt or be left behind,” as EO member Richard Conway says about the future of business in New Zealand.

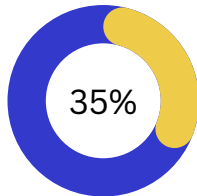
It’s been another year of curveballs for entrepreneurs. A hovering recession, a national election, inflation rising at every turn – entrepreneurs know all too well just how challenging today’s environment has become for Kiwi businesses.

Compared to our previous report, you’ll see a bit more caution and anxious trends this time around – but a strong overall sense of confidence in business opportunity. You’ll also see more developed findings on the use of AI, approaches to labour problems, and what might be ahead.

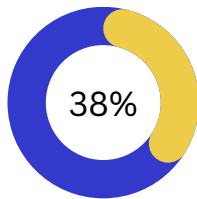
Participants were asked to complete this survey a few weeks before the election took place. There were numerous accounts expressing anger and frustration around the Labour government, as well as a few calling out the political cycle as a whole as disruptive to business. Explore the EO LinkedIn page for these insights around how politics is impacting Kiwi entrepreneurs.



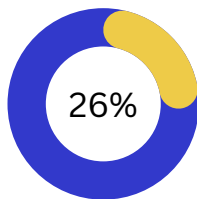
OUTLOOKS ON NEW ZEALAND'S FUTURE ARE A MIXED BAG



35% feel negative



38% feel positive or extremely positive



26% feel neutral

The consensus among EO entrepreneurs is that things are far from great – but they could also be much, much worse. While 35% reported having a negative outlook on the state of business in New Zealand, 38% reported the opposite, saying they felt positive or extremely positive about the current situation.

People with the largest number of staff were the most likely to feel negative – but even this demographic varied in their responses. This survey brought to light a wide range of thoughts, with many highlighting a discrepancy between what “people are saying” and what they see actually happening.

It's a truly mixed bag this quarter from business leaders.



“Recession alive and kicking.”
Anonymous

“We are having the best year on record.”
Anonymous

“Despite the media stories of recessionary doom and gloom, I am talking with business owners every day who are going well, and continuing to grow, or who have leaned up their operations that bloated over the past couple of years, and are feeling good about that.”
Tina Comrie, The Attention Agency

“We have a very slow and sluggish pipeline and all the business owners around me are telling me they are quiet.”
Anonymous

“Things have slowed but still plenty of opportunity out there.”
Robb Huskinson, Group HTC

“No one’s really screaming from the rooftops with record sales, growth, cash and resource. Everyone seems to be plodding along cashflow conscious.”
Laura Heynike, Pocketspace Interiors

THE BIGGEST CHALLENGES: COSTS, DOLLARS, CASH, AND MORE COSTS

From all angles, businesses are worried about sales. Currency exchange, salary increases, interest balloons, and economic challenges are all dialling up the pressure on Kiwi entrepreneurs. Nearly two-thirds of survey participants said that the recession was a major concern – and every single respondent cited at least one financial inhibitor as a challenge for their business.

With the exception of a couple booming businesses in the mix, our survey showed an obvious trend for entrepreneurs – sales are low while costs are rising. And inflation isn't helping.

Cash flow management is being inhibited by slow-paying clients, tentative purchasers, and nervous companies resisting cost commitments. Entrepreneurs say that this is having an effect on their big-picture plans. Some are holding off on expansion while numbers are low, while others are choosing not to replace open staff positions. Streamlining expenses continues to be a top priority across industries as labour, supply, and interest costs continue to rise.

“Payments are nearly doubling, while it's harder to get ahold of cash.”

Anonymous

“Businesses that rely on cheap labour will continue to hurt for resources and proportional reduction in margins if you are in a tight margin sector. Staff are just no longer prepared to work for low wages.”

Warner Cowin, Height

“Costs continue to rise across our business – both from product costs to team remuneration and everything in between.”

Katie Noble, Allied Health

“As a service business, our single largest cost is our salaries, and these went up by about 30% in the last 18 months, which impacted our profitability significantly. The cost of almost everything else rose too – mostly our tech stack and software costs.”

Tina Comrie, The Attention Agency

“Banks are getting stricter and less helpful because of the directives from their parent companies.”

Sudesh Jhunjhnuwala, Sudima Hotels

THE OPPORTUNITIES: IMPROVE EFFICIENCY AND LEARN TO ADAPT

Half of the participants said the biggest opportunity for their business in the coming year was to find more ways to improve efficiency. This was a growth from our last report, where less than a third indicated efficiency as a top priority.

From business to business, efficiency looks slightly different. Several respondents brought up a focus on improving technology systems, software, and looking for areas to streamline workflows with AI. Others brought up a focus on productivity, and looking closer at ROI on staff.

While the routes to become more efficient varied significantly, one thing is clear – reducing costs, saving time, and building smoother operations is on everyone’s mind right now.

“We implemented a higher price for new customers, and tightened up on measuring productivity and efficiency within the delivery team. It’s been illuminating to see where ineffective time was being spent. We also implemented an AI strategy and are starting to see some efficiencies from those tools.”

Tina Comrie, The Attention Agency

“Rewording [our] website to target the spenders. Closing in on the core customer that is curious and doing research.”

Laura Heynike, Pocketspace Interiors

“Adapt or be left behind. We’re having to reimagine our business. We’ve employed a chief AI officer and engaged an expert contractor in the US.”

Richard Conway, Pure SEO

“Adversity brings opportunity.”

Paul Nielsen, JP Property Trust

“We have massive opportunity, so are putting together a capital raise. That will help.”

David Serville, CC Group

A MYRIAD APPROACH TO STAFFING PROBLEMS

While hiring dilemmas did not top the list of peak concerns, they certainly claimed a seat at the table of big ticket issues for businesses right now.

Responses varied dramatically – with concerns raised around losing young staff, the increasing effects of the brain drain, price hikes in salaries, and both the problems and opportunities with hiring offshore. Some entrepreneurs cited talent recruitment as a key opportunity for the future, while others indicated it was one of the top challenges holding their business back.

In some cases, company culture has been a top priority amidst resignation trends:

“Our team's wellbeing is always paramount and we ensure that they have support in many forms, as required”
Katie Noble, Allied Medical

“Our business culture drives all our change.”
Phil Bull, Blue Barn

Other cases are seeing struggles to keep a new generation of professionals:

“I sense that the younger generation, which has not had the opportunity to travel due to COVID, is itching to go overseas and get their long-awaited OEs underway. It's hard to keep them engaged for more than a year or two, as they seek to expand their horizons (the brain drain).”
Tina Comrie, The Attention Agency

Immigration was mentioned several times, and its potential benefits and challenges for businesses.

“We need to make sure we are attracting the right people to come to NZ with the skills we need – and we need to ensure that they are not all settling in Auckland.”
Katie Noble, Allied Medical

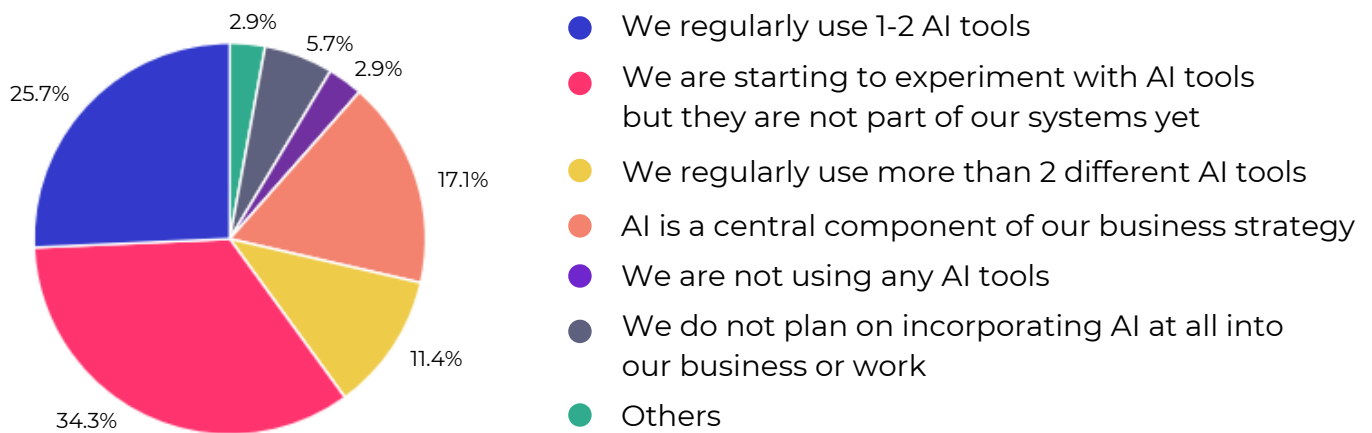
About 15% of respondents indicated that they are leveraging or plan to leverage offshore staff to help streamline costs.

“Utilising technology and overseas outsourcing for basic admin tasks”
Grant Foggo, Comprendé

Despite the range of opinions of this subject, one thing is clear – finding a balance when it comes to building and keeping a strong, productive, and commercially-viable team is becoming harder for Kiwi businesses.



AI. IT'S NO LONGER 'IF' - BUT 'HOW'.



Over half of EO members are already using at least one AI tool on a regular basis – and about 17% say that AI is a central component to their daily work.

Across the board, AI is growing in popularity among businesses of all industries – marketing, construction, consulting, finance, and hospitality. Entrepreneurs mentioned using ChatGPT to help write content, synthesise information, and perform everyday administrative tasks.

Six months ago, AI was mentioned only sporadically in our survey findings, with little indication that businesses had brought AI tools into their practice. Now, less than 6% of respondents have no intention of using AI.

So far, it looks like AI tools are here to stay – but how they are being leveraged is still unclear. Many leaders mentioned an intention to explore AI more as a potential strategic opportunity moving forward. Exciting things are ahead, but it may be a while before we see them pan out.

“AI will potentially have huge impacts across many industries. For us it is all about learning how to use AI, what AI tools can we introduce to drive efficiency into our business. It is an exciting time. Rather than see it as a threat we are constantly looking for the opportunities it creates.”

Michelle Malcolm, Quay Travel

“The effects of AI will be of similar scale to the arrival of the Internet in that it will disrupt nearly every industry; we're still in the very early days of this tectonic shift.”

John Halvorsen-Jones, Applicable

REAL LIFE BUSINESS

CRISIS, CANCER & COVID

How Cat Stone turned to EO when she needed it most

Starting a business is one of the hardest challenges you can take on – and doing it alongside a battle with cancer adds a whole new dimension. This is the story of Cat Stone, an entrepreneur who has met every challenge with hope and determination.

The Accidental Entrepreneur

Catherine (Cat) never set out to be a business owner. It was the late 90s when she learned all the uses and benefits of Botox® – excessive sweating, facial spasms, eye spasms, and of course reduction of wrinkles.

She did the training, trying it on her boyfriend at the time and was astounded when it worked – and the idea for The Face Place was born.

The business grew. She launched New Zealand's first medical spa, was nominated as a finalist for Entrepreneur of the Year, featured on the TV show '10 Years Younger in 10 Days', and set up an Albany clinic with the intention of starting a training academy – a long-held dream.

Cancer during Covid

It wasn't easy – but Cat and her business grew and evolved, even making it through the Great Financial Crisis. But 2020 brought

with it massive new challenges – and not just the kind that we were all facing globally.

“On the 28th of January 2020, I was diagnosed with breast cancer for the first time,” shares Cat. “In February I had a lumpectomy. I was meant to be travelling to Monaco and Brazil over March and April before starting radiotherapy but obviously the world changed.”



REAL LIFE BUSINESS

Instead of travelling the world, Cat dealt with a double whammy – radiotherapy (in the middle of lockdown, no less) and dealing with all her in-person clinics being completely shut down.

It was an incredibly stressful time – but it had nothing on what was to come.

Side effects and struggles

Cat's life changed dramatically after the radiotherapy. Personally, she was experiencing severe side effects from the breast cancer medication Tamoxifen, and at the same time, her father was diagnosed with bone marrow cancer. There was a lot going on – not to mention a pandemic happening and a business to run.



The procedures just kept coming – fibroid surgery, then a full mastectomy and reconstruction. By her second round of tamoxifen, Cat was at her lowest point. “I was in tears the whole time, struggling with suicidal ideation. I’d have uncontrollable urges to drive my scooter into the other side of the road, or would wake up at 4am in the morning writing very dark poetry,” recalls Cat. “I was in a very, very bad space.”

Cat was able to stop the medication, but it took a long time to leave her body, forcing her to take extra time away from her business.

“When I’d gone into surgery, I’d asked my General Manager (who was also a breast cancer survivor) to take on a lot of my CEO role and handed off my medical team leader role to one of our nursing team. My forum helped me a lot in the process of handing off a lot of responsibilities.”

But then, in the middle of the depths of my despair, my GM let me know she wasn’t coping with the CEO role and was leaving to a different company.”

In just a few years, Cat had seen her body, her family, her life, and her business all change completely.

Luckily, since then, things have started to get much easier.

“We’ve got a new GM onboard who has been absolutely brilliant – she is the perfect person for the next stage of the business.”

Cat’s also had her final reconstruction surgery, and the brain fog and fatigue have finally lifted. “I’m feeling like I can cope with life again.”

REAL LIFE BUSINESS

And although she sadly lost her dad in October 2022, she says that in some ways having cancer gave her a real gift, as it meant she was already not working as much and got to go look after her dad for a month before he died at home with the support of hospice. “If I hadn’t had cancer, my dad wouldn’t have let me cancel patients. I was there with him when he passed, which was such a gift.”

What’s more, it’s also forced her to start working on her business instead of in it.

“Most of the time I was the biggest roadblock in the business. Now, the business is flourishing without me in the way.”

“It’s been such a gift”

Cat’s an incredible example of finding the silver lining in challenges – but she’s the first to admit that that perspective hasn’t always been the easiest to maintain

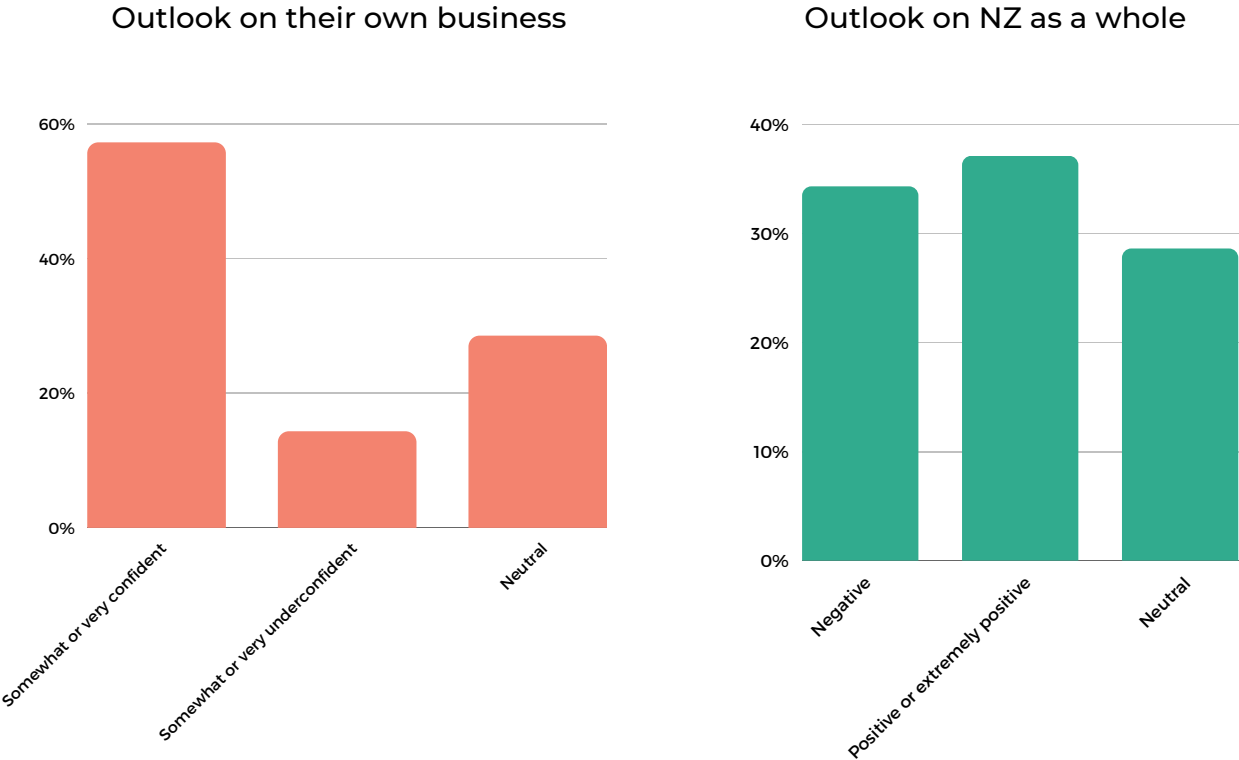
These days, Cat’s looking forward. She’s building a brilliant team, investing more than anybody else in the industry on education, and even launching her dream training academy programme.

“Tamoxifen, losing my right hand woman, lockdowns – all hit my heart. I was constantly wondering what I’d done wrong. But now, feeling like I’m on the other side, I can see what a gift it’s been. I definitely don’t recommend getting cancer but it’s true what they say – when one door closes, many open.”



DESPITE ALL THE PRESSURE, KIWI ENTREPRENEURS ARE FEELING OK

While our survey exposed a general lack of enthusiasm for the future ahead, most entrepreneurs are feeling more positive about their own business and their personal situation.



Compared to the mixed bag of responses about the state of New Zealand business as a whole, responses regarding the outlook for their own business were more positive. Entrepreneurs, while concerned for the future in general, don't seem as worried about their own position in the market or their ability to stay afloat.

This sentiment was reflected in how respondents rated their current emotional state. The average level of wellbeing among EO entrepreneurs is an impressive 7.2 out of 10 – with less than 10% of respondents rating themselves a 4 or below.

Even so, there seems to be a general worry about what is around the corner. One respondent described a, “gut feeling that things will get bad,” while another said they were “feeling lacklustre about the future of New Zealand.” Alongside mentions of anxiousness and concern, several respondents said they were taking special care to protect themselves from burnout – citing mindfulness, going on holiday, making time for the gym, and focusing on healthy eating as their primary ways of coping.

At least for now, Kiwi business leaders are doing alright. As one person remarked, “things have slowed, but there is still plenty of opportunity out there.”

ABOUT EO NEW ZEALAND

Entrepreneurship is exciting, rewarding, and a powerful force of good. But it can also be a tumultuous and extremely isolating journey. It need not be lonely. EO New Zealand exists to make our members better, our businesses better, and our communities better. And we’re doing it together.

A unique, experience based network, EO New Zealand supports the needs of the 360° entrepreneur through business, family, community & personal experiences.

We aim to drive business & personal growth through peer-to-peer learning and support, and offer world class events – encompassing entrepreneurs & business stories, skills-specific workshops and social events. For more information, visit eoneozeland.org or reach out to admin@eoneozeland.org





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