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EO NEW ZEALAND

**THE STATE  
OF KIWI  
ENTREPRENEURSHIP  
REPORT**

MARCH 2023

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# INTRODUCTION

“We are in a state of flux,” wrote one EO member when asked about the current business climate.

Change is on our minds. The recent floodings that have affected Auckland and the Hawkes Bay in particular have knocked our summer confidence. Inflation has put us all on edge. A recession is expected. An election year means lots of ‘holding back’ until October.

Despite these challenges, many business leaders are taking a cautious and pragmatic approach, investing in technology while being relatively prudent. In spite – or perhaps because – of ongoing challenges, our entrepreneurs are leading the charge for the economy, developing intelligent strategies to accelerate into FY24 and see us all rise. We’re positive about the future and opportunities ahead, even when the economy is squeezed.

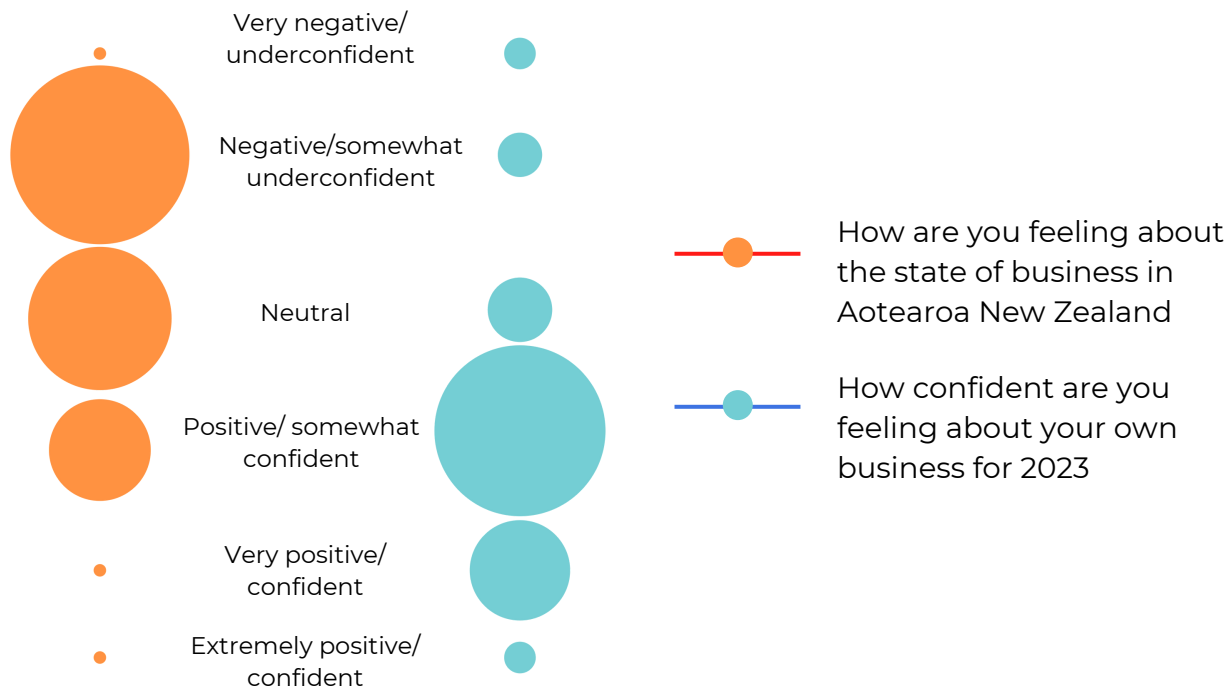
The EO New Zealand State of Kiwi Entrepreneurship Report is an opportunity to see not just what’s troubling us, but what we’re going to do about it together.



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## NEGATIVE CLIMATE, POSITIVE OUTLOOK

For our surveyed EO members, confidence is king:



## CONFLICTED, BUT OPTIMISTIC

While responses about the current feelings about the state of business in Aotearoa New Zealand were weighted towards the negative or neutral, most EO members feel confident about their own businesses and the future of entrepreneurship in the country. For some, business is growing, and great opportunities have opened up. For others, staff shortages and recessionary talk – on top of inflation, Covid, and the summer floods – have sapped energy.

But at the same time, growth opportunities, full pipelines and good workloads were buoying up some businesses over the last six months, and an optimistic view towards growth in exciting industries keeps confidence high.

*“At this stage all seems good, and we haven't seen any recession-based client decisions, however there are so many crises that could hit the global economy this year that we have to balance this with healthy caution.” – John Jones, Applicable Limited*

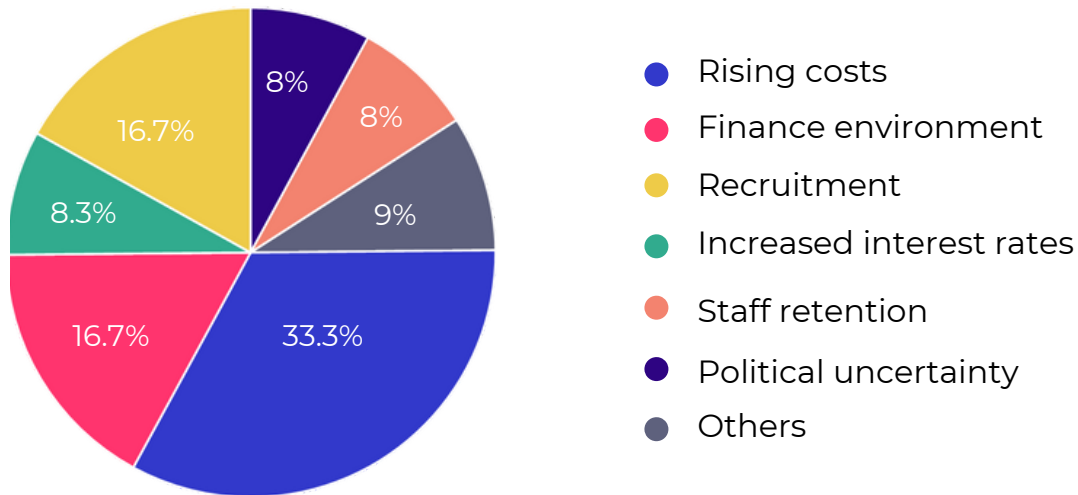
*“This year will be a challenge. After 8 years of adjusting our strategy we feel like we have the correct one. We've attracted and retained talent, and our sales and marketing is working. We're very confident.” – Grant Foggo, Compréndé Property*

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# FORECASTING THE BIG SQUEEZE

Which of the following do you predict to be the biggest challenge for your business in 2023?



With money on our minds, many expressed concerns about the difficulties of supply chain expenses and interest rates. We're faced with a difficult decision around passing on increased costs to customers – something that can unhelpfully impede sales and reduce margins during already difficult times.

High on the number of concerns was also recruitment, and a number of comments reflected the need for quality workers, migrant work – and the push to automate more to reduce human workloads.

Some EO members mentioned that they have built up reserves or are seeking to improve productivity to address the problem, but overall, rising costs are seen as the major obstacle to profitability and growth for 2023.

*“The types of businesses that are trying to grow through this ‘recession’ are the perfect type of clients for us, with the right mindset, and so we are seeing a positive shift in new business. We also won’t charge what the big agencies do, so when companies are looking to cut, we are an appealing option.”* – Stanley Henry, The Attention Seeker

*“I foresee that a lack of confidence, coupled with life feeling hard for people generally, will impact wellbeing hugely and all the ripples that will have. Looking after our people, in whatever ways we can, will be more important than ever.”* – Christina Wedgwood, Intelligent Ink

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# WHAT OUR MEMBERS ARE DOING TO GET AHEAD

Retain existing clients, renegotiate rates, reduce expenditure and pass on costs. These form the bulk of responses to the above challenges, and while good practices at any time, they're becoming imperative in 2023.

Perhaps naturally, many comments spoke to the need to consider restructuring, review underperforming areas of the business, and invest in automation to mitigate rising wage costs.

But apart from narrowing down, there are also plenty of opportunities overseas or through product diversification. There's also a growing urge to market brand Aotearoa New Zealand to a global stage and tap into our strong international standing. Others are taking trusted routes of clear communication with clients, bulk buying and implementing better in-house systems to improve efficiencies – all great strategies to take.

*"We're always optimistic, but our clients are not always as optimistic as us, so we do take losses when it's not expected. That's why we're putting in more face-to-face time with clients, a bigger focus on retention, and potential cost reductions for clients that are struggling."* – Nick McDonald, Likeable Lab

*We are focused on implementing automation and have also grown our offshore team to mitigate wage costs in NZ. To improve efficiencies, we're utilising technology as much as we can – though it's a huge learning curve."* – Katie Noble, Allied Medical



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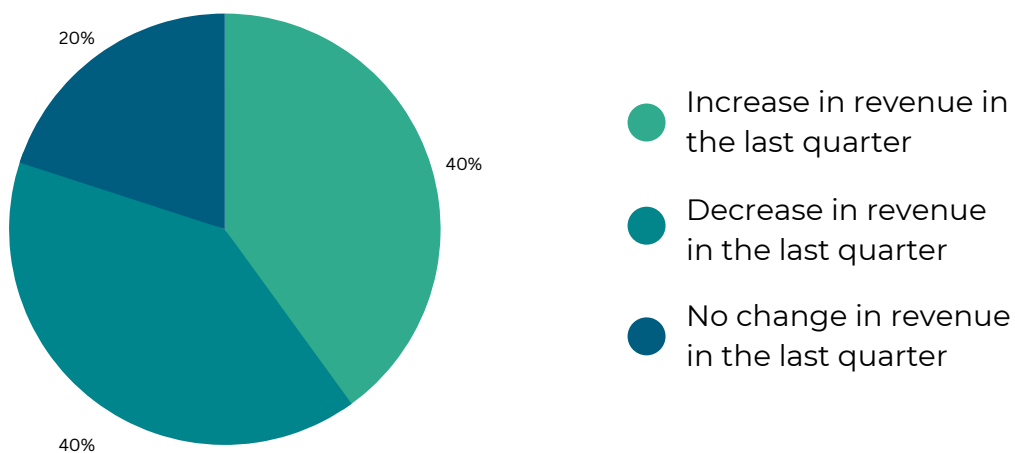
# THE CHALLENGE OF RECRUITMENT AND STAFFING

One point to highlight was the challenges EO members face in finding and retaining skilled staff, which is impacting their growth objectives.

Many mentioned the difficulty in attracting qualified staff and the impact that a changing immigration landscape continues to have on the workforce, as well as the difficulty in attracting skilled people into roles.

To overcome staffing challenges, smart businesses are investing in in-house training and building a good company culture; focusing on culture, rewards, remuneration and high standards ensure that teams are robust and delivering excellence year-round.

Some businesses are looking into mergers and acquisitions, targeting industry talent, and increasing their profiles to attract the right people (both clients and staff). Others are offering referral incentives and focusing on staff retention. Offshore options are also being explored to find qualified staff, and some businesses are continuously employing and providing in-house training for new staff.



While around a fifth of businesses hadn't seen any changes in revenue in the last quarter, the remaining respondents reported an almost even split between increases and decreases.

*"Recession is just another word for opportunity."* Debra Chantry-Taylor, EOS Worldwide | Business Action

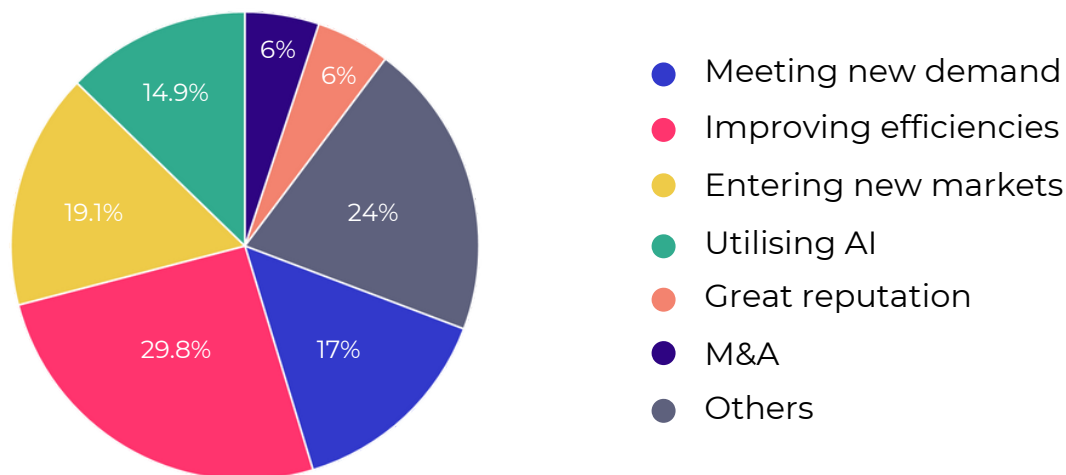
*"We'll see customers scrutinising spend like we did immediately after Covid. So our big focus is on retention, culture, rewards, and high standards to mitigate some of the big challenges ahead."* – Andrew Earles, TSGL

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## SHARPENING THE TOOLS

Which of the following do you predict to be the biggest opportunity for your business in 2023?



EO members saw huge opportunities across industries, and each has the potential to hone operations and change how and why we work.

The most important is still in improved business efficiencies – including upgrading technology, investing in software and digitisation of commerce, outsourcing admin tasks, and other investments that improve ROI and allow us to get more out of our people and our time. Kiwis businesses tend to

Many members saw potential in expansion into new markets – including new services and overseas territories where the Kiwi brand of entrepreneurship is well received.

While recruitment, reviewing costs, exploring mergers and partnerships, increasing customer engagement and developing staff are high on the priority list, many are seeing opportunities in embracing the latest AI tools (including the much heralded open-source Chat-GPT) to make work that much easier.

*“We've been working very hard on being able to deliver value that exceeds any of our competitors and we believe this will become increasingly important if recession bites.”* – John Jones, Applicable Limited

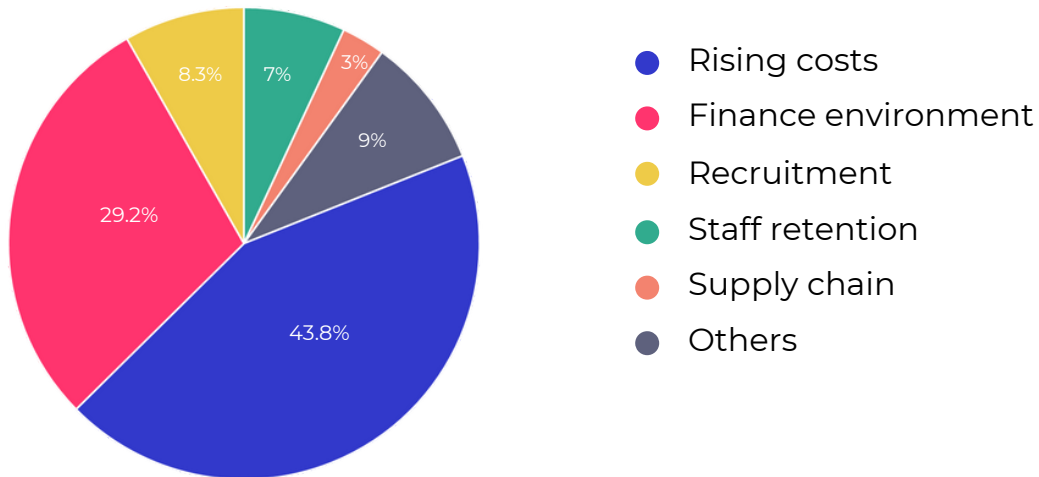
*“I am confident in my plan for 2023 and beyond – but the recent events have emphasised you can't plan for everything!”* Wendy Thompson, Socialites Group

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# THE BIGGEST HILL AHEAD

Which of the following do you predict to be the biggest challenge for Kiwi businesses in 2023?



Kiwi businesses will need to navigate a complex and challenging landscape in 2023, requiring adaptability, resilience, and creativity to survive and thrive.

If we're prepared to point to one big challenge ahead, it's rising costs. Rising costs, including employment costs, inflation, and interest rates, are a common concern across most industries, and many SMB owners are struggling to pass on the added expenses to customers. Access to capital and borrowing at favourable rates will also pose a challenge, with banks becoming increasingly cautious in their lending practices as they try to slow down inflation.

*"On the one hand there are opportunities abound (often at expense of others). On the other hand, people are holding off buying."* – Tony Falkenstein, Just Life Group

*"It's a mixed bag at the moment. There is a lot of disruption and uncertainty within NZ and globally, however, we are still seeing corporate and government continuing to invest in technology solutions that improve productivity and reduce risk."* – Jason Poyner, Deptive





# REAL LIFE BUSINESS

## ADAPTATION

### Lessons from a crisis

During those first shocks of Covid, we adapted. We evolved. We looked for opportunities that saw us get ahead in our markets. We doubled down on our communications and built our networks.

Between a break without summer, European uncertainty, and a global pandemic, the last three years have been the most challenging for leaders in recent memory. But rather than eroding our confidence, we wanted to turn our attention to some of the adaptations and



Rachel Williams

successes from the Covid era – and inspire ongoing transformations in Aotearoa New Zealand business.

Travel and tourism were hit especially hard with the closure of borders. As Michelle Malcolm of Quay Travel and Rachel Williams of Viva Expeditions describe it, the journey through the Covid period went from calm to chaos. Michelle had just returned from an amazing trip to Patagonia in February, business was great, and then within weeks the borders were closed and the industry was thrown into turmoil. “It was like running into a brick wall at 100 miles an hour,” she says.

Michelle explains that the first task at the outbreak of Covid was to repatriate over 500 clients who were travelling in Latin America or on cruises to the Antarctic – no mean feat when borders are closed. It took considerable efforts to repatriate Kiwis and Aussies with strict quarantine rules and restrictions in place, but by utilising their network of contacts throughout Peru, their relationships with airlines, and their reservations and logistical expertise, they got Kiwis home.

When it came to pivoting and navigating their businesses during the Covid lockdowns, it was adaptability and resilience that saw them win out. For Rachel, Viva had been slowly built over 11 years; to make staff cuts and other drastic cost-cutting measures was “soul-destroying.”

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## REAL LIFE BUSINESS

“I spent a fair bit of time crying into my wine glass before I pulled myself together and started to look for options.”

With borders closed, she turned her attention to the domestic market in a bid to generate cash flow and ensure the survival of the business.

“We created Viva Aotearoa, focusing on unique luxury experiences in New Zealand. We created ‘Southern Lights by Flight’, a 10 hour journey on an Air New Zealand Dreamliner to witness the incredible Southern Lights. By reaching out to astronomers, photographers and NASA educators, I put together a team of experts with the knowledge to ensure the flights were a success.”



Michelle Malcolm

The first flight was launched via a press release in October 2020, and the first plane sold out in a matter of days. Then second and third planes were secured, and they too were full within a couple of weeks. The project became a massive success – even if eight more full flights were cancelled when the airline recalled the planes for other uses.

Covid reminded business owners to be creative and think outside the box to survive and thrive, even in tough conditions – something that we still need to reflect on today. While business today is different, with more challenges, the need to be agile and to push ahead into new markets, find new opportunities, and create lasting business success hasn't changed.

As Michelle says, “If I went back, what I'd tell myself is this: Take more risks and do your own thing. You've got this!”



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# GOING BOLDLY FORWARD

On average, respondents said that they felt 7/10 for wellbeing. While the negative responses reflected ongoing emotional and business stress, the most positive responses came from those who had good business confidence, were prioritising their health, and focusing on what's in control.



Entrepreneurship is tough. The last three years have put our members through unimaginable challenges. But that's where EO and our communities come together to support each other, share our experiences, and rise.

Established businesses with a track record of success are confident in their ability to adapt to changing financial forecasts and deliver value that exceeds their competitors. Although there are headwinds on costs and uncertainty around spending, businesses with these positive elements are well-positioned to succeed and thrive in the current economic climate.

But we don't do it alone. With the wealth of knowledge and experience in the EO community, we have access to strategies and solutions that can help us overcome any obstacle that FY24 throws at us.

Together, we can achieve great things and build the businesses of our dreams.





**New Zealand**

[eoneewzealand.org](http://eoneewzealand.org)

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