
EO NEW ZEALAND

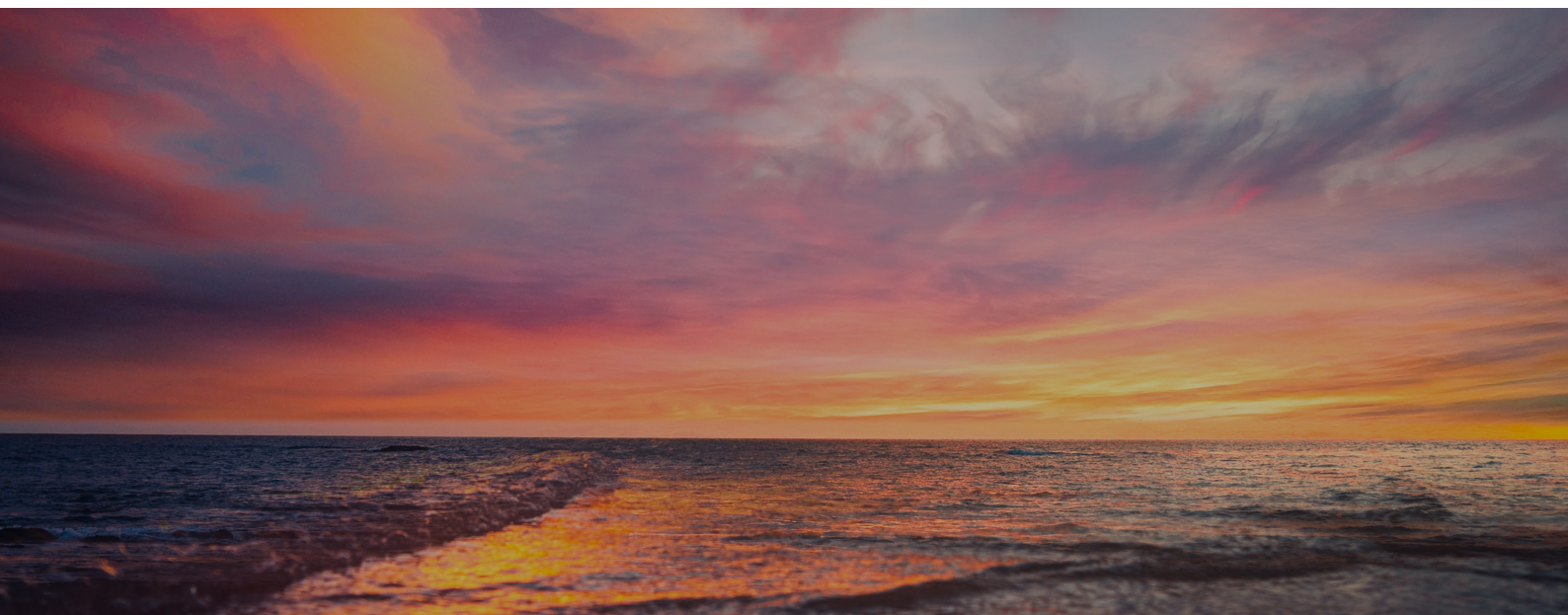
THE STATE
OF KIWI
ENTREPRENEURSHIP

MARCH 2022

While 2022 didn't necessarily dawn with the same optimism, or our eyes fixed firmly on future horizons and plans that the start of other years have bought, there was a feeling of renewed energy for many after a stunning summer. Not all were ready to rock and roll this quarter though, with the burden of leadership in the latter half of 2021 too heavy a load for a few weeks off at Christmas to erase.

Entrepreneurship can be a lonely road, which is why we're so grateful for the tribes we've found (and created) in EO. It's hard for others to understand the unique pressures and stresses that business owners face so, back for its second edition, the **EO New Zealand State of Kiwi Entrepreneurship Report** is giving us a voice.

We'll explore how Kiwi entrepreneurs are coping, the true impact of the Covid Protection Framework and what lies ahead for 2022. There are opportunities even in challenging times, and it's up to us as entrepreneurs to see them, grab them, and go for them. You'll read stories of some of our members who are doing just that.



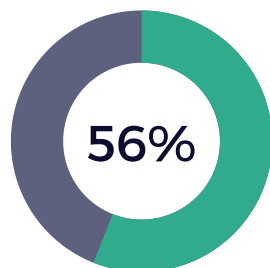
Although entrepreneurs might present like tireless machines at times, they are people first and foremost – and leaders too. So, how are they feeling about their wellbeing as they buckle up for the third year of this pandemic?

6.5/10 The average score for entrepreneurs' wellbeing in the first 3 months of 2022. (This compares to 5.7/10 in the final quarter of 2021)



Although chief among the pains was stress caused by uncertainty and a more general lack of confidence, it was clear that relaxing summer breaks, as well as good health, exercise and diets were buoying many of our business owners along. Numerous respondents were grateful for the continued health of their businesses, despite the lack of future planning and loss of growth.

56% of respondents rated their wellbeing between 7-10/10



"A strong focus on keeping myself healthy: eating well, working out, and doing things that help me relax such as mountain biking. It also helps that my business is strong."
Jason Poyner (Deptive) – IT services

"The team that I have around me makes a huge difference – and also that I've just had a really good summer and some time to recharge."
Katie Noble, Allied Medical (Wholesale Trade)

"The last lockdown took its toll and knocked the enthusiasm I have in my business. It was hard to come back this year. However that said, it has been an incredible year of growth. We started SalesStar UK, Sweden, USA and Mexico through lockdown and achieved 2.5x growth. Also hired two staff in Sydney, to cater for the Australian market. All this without traveling."
Paul O'Donohue, SalesStar Ltd (Sales Coaching)

MELBA

Leaning into local legacy

New Zealand is a nation of coffee lovers. From busy business owners rushing to their next meeting to multitasking mums running a business from the playground, Kiwis treasure a cup of damn fine coffee.

So how has MELBA, one of Auckland's most iconic purveyors of quality coffee, navigated the hospitality industry amidst the uncertainties of the COVID-19 pandemic?

Ability to adapt

Shawn Pope – alongside his wife Michelle – has led MELBA for 16 years and is the driving force behind the group's philosophy of 'local legacy.' With eight locations across Tāmaki Makaurau, the MELBA Group is dedicated to localising each cafe to best suit their specific clientele and community. "It's all about making sure that your MELBA is your MELBA," Shawn says. "It gives us the ability to adapt to the local area - what works in Manukau might not work in Queen Street."

How has MELBA faced ever-changing trading conditions in the unpredictable COVID environment? "It's a bit like opening a business for the first time again," Shawn says, because "you can't rely on how you did business before."



And what about their most recent opening, MELBA Lunn Ave? According to Shawn, COVID added another layer of complexity, but it was a “mind game” more than anything. “I think the issue was ‘what are we opening up to?’ The unknown. I think when you open a store, you know there’s going to be those first 12 months - I always say you’ve got to compete against yourself,” he says.

Looking ahead

Shawn has been an EO member for three years and says that membership offers him the “ability to go to a group of entrepreneurs that can give you an experience rather than just advice.”

“The first thing I’d say is EO is not about advice – if you’re sick of hearing advice, then that’s good, this is about sharing experiences and it’s about learning.”

For MELBA, 2022 brings multiple challenges but also growth, including a new location in Karaka set to open in May. “Don’t get me wrong, it’s going to be tough trading conditions,” Shawn says.

“We just need to get through COVID, and then we’ve got inflationary pressures on us, we’ve got supply-chain pressures on us - so it’s going to be a challenging trading year.”

But for MELBA, one key takeaway from the pandemic has been just how integral that philosophy of ‘local legacy’ is to their success. The importance of celebrating local identity and each MELBA location truly being a part of their community has “been reinforced, and reinforced and reinforced” throughout the COVID experience, says Shawn.

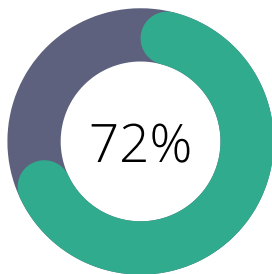
In these times of great uncertainty, Shawn says one thing’s for sure - if you don’t try MELBA’s chicken waffle, you’re seriously missing out.



WHAT DID THE COVID PROTECTION FRAMEWORK MEAN FOR BUSINESSES?

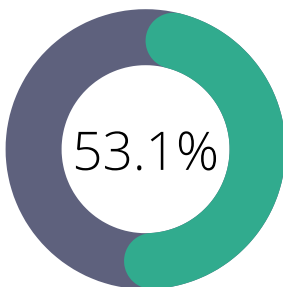
December 2021 saw the change from alert levels to the Covid-19 Protection Framework, which aimed to bring more flexibility for businesses as Covid-19 increased in the community. Now, just over three months later, EO New Zealand has surveyed founders and majority shareholders of businesses that bring in over \$400 million in revenue each year and employ thousands of Kiwis.

Below is how they experienced the Covid Protection Framework.



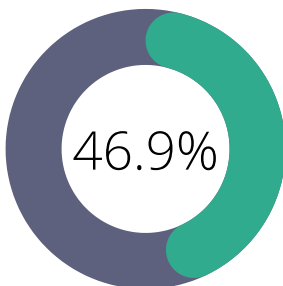
72% of entrepreneurs believed the Covid Protection Framework has had a negative impact on their business.

This impact wasn't always reflected in the bottom line, with many businesses reporting at least a 10% increase over this period.



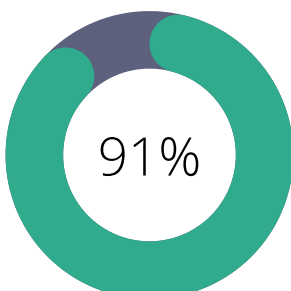
53.1% of businesses reported no drop in revenue

Their earnings held over this period.



46.9% reported a drop in revenue.

A drop in revenue of between 10-25% was most commonly seen.



91% feel the Framework has had a negative impact on Kiwi businesses overall since its introduction.

While all industries have been uniquely impacted (technology is thriving, while hospitality struggles and the event industry flounders) – each business shares one thing in common: an inability to forward plan. Further to that, changes to border restrictions and employment policy have put stress on workflow systems.

“Being in Red means we cannot confidently operate our main product which is a flight with 273 people onboard.”

Rachel Williams, Viva Expeditions (Tourism)

“Our revenue is impacted due to larger companies withholding spending because of the uncertainty. Projects have been in signoff at board or CFO level for months and months now. A key employee has sold her house and is heading back to UK because it's untenable here.”

Susan Ockwell, Optimism/The Induction Company (HR Services & Tech)

“The main way it has impacted us is by reducing staff morale. Some of our staff are not vaccinated so we cannot do our team building functions like we used to.”

Jarrad Tilyard, Kenepuru Homes Ltd (Construction)

“Uncertainty kills forward planning and investment. This affects us and our clients.”

Dominic Sutton, Pumpst Advertising (Advertising)



BUILD YOUR OWN SOLUTION

Vidzing's journey as a pandemic problem-solver

Vidzing founder Kimberley never expected to find herself leading a tech company. But it was her first-hand experience mitigating the loss of in-person dance and cheerleading events as head of Cheerbrandz that led her to make the bold move.

With an increasing number of events pivoting to digital coverage during the COVID pandemic, the need for a simple-to-use streaming platform was clear. "During COVID we had all sorts of different venue restrictions and often people couldn't come, so we needed to livestream our events and then sell tickets to that," says Kimberley.

"The live-streaming piece was easy, but the gating of that content, selling it, and keeping that link private was really hard, so when we realised there wasn't a platform doing what we needed, we decided to build it." From airshows to opera, Vidzing enables content creators to stream and sell their events in an intuitive and safe way.

So what does Vidzing offer creators over industry giants like YouTube? "Vidzing offers a premium secure platform where creators remain in control - they own their own content and decide their value while earning and retaining 100% of their ticket sales. You will always know who watches your content on Vidzing and get to keep your audience data including email addresses."



Tech for good

This creator-first approach is a core value for Vidzing, says Kimberley. “We put creators in the driving seat and let them choose how they want to display, sell and deliver their content.”

“We really believe in ‘tech for good’ and ensuring that we do right by our creators,” she says, emphasizing that Vidzing “won’t own your data or track you, we won’t share your data, and we certainly won’t sell it!”

This dedication to ‘tech for good’ is woven throughout Vidzing operations, with the company giving a percentage of each video sold to charity. “We charge viewers at checkout 18% and we give 3% of that to mental health charities supporting youth,” Kimberley explains.

“No” just means a different path

Vidzing, which emerged as a solution out of the COVID environment, continues to be guided by adaptability. “We never think no is the answer, we think no is just a different path to a different yes, and we love that we can try and make anything possible for our creators by thinking outside the box,” says Kimberley.

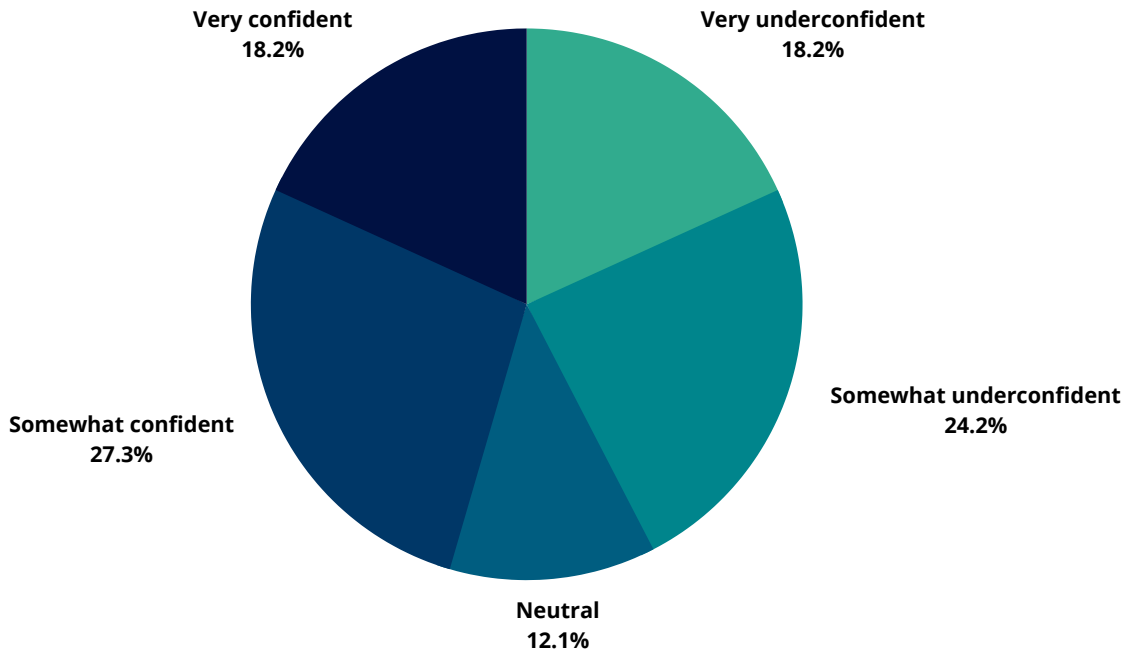
Kimberley predicts more uncertainty for Kiwi businesses in 2022, “not just related to COVID, but all types of global events, like the situation between Russia and Ukraine.” But despite these tough times, she’s excited about helping people succeed in building their virtual businesses.

Kimberley’s own path has taken her from tax lawyer to cheerleading events manager to tech founder. She advises: “Know the risks before you start but once you’re ok with them, just jump in - gumboots and all.”

She has been a member of EO for six years and says she most values “having people in your corner to support you.” We couldn’t agree more! Go Kimberley.



We're already a whole quarter down for 2022. Across the board however, confidence is a bit wobbly.



While some of the entrepreneurs surveyed were optimistic, many others were pessimistic; it's a real mixed bag.

A decline in trust toward our collective responses as Covid surges in the community is also met with a growing optimism as restrictions are set to ease. Many are hoping for a rebound.

However, the general feeling is that some sectors will thrive while others struggle.

"Lack of staff, high inflation on materials, staff wage pressures."

Neil Shah, Rilee's (Manufacturing)

"We will lose up to 70% of our hospitality and tourism businesses by the end of the year unless the border is opened fully (soon)."

Dominic Sutton, Pumppt Advertising (Advertising)

"People will need to adapt and respond which will lead to more innovation."

Catherine Stone, The Face Place Medspa (Cosmetic Medicine)

"My growth online is limited only by my own vision, strategy and execution."

Greg Burgoyne, Course Creators Academy (Online Learning)

Although our survey split the room in terms of the things we'd like to see in place this year, where there was consensus was in the call for opening the borders. In some cases, the hope was for tourism – and all that comes with it – to resume. In others, the desire to once again import skills and labour by employing international staff.

Other suggestions were for “more business-minded decision makers” and “more consideration for businesses and mental health in decision making”. And among those too there was a call for more targeted and tailored assistance for businesses.

“The full impact of Covid economically has not yet been felt. We need to see more targeted assistance for businesses that need it – the form of assistance that actually helps them rebuild and thrive.”

Grant Foggo, Comptendé (Residential Property Management)

One thing's for sure, entrepreneurs are an adaptable bunch. Despite the fact that it no longer feels possible to predict (or accurately plan for) the horizons we once did, we've got each others' backs.

We're still boldly going – and we're making our mark.





New Zealand

eoneewzealand.org
