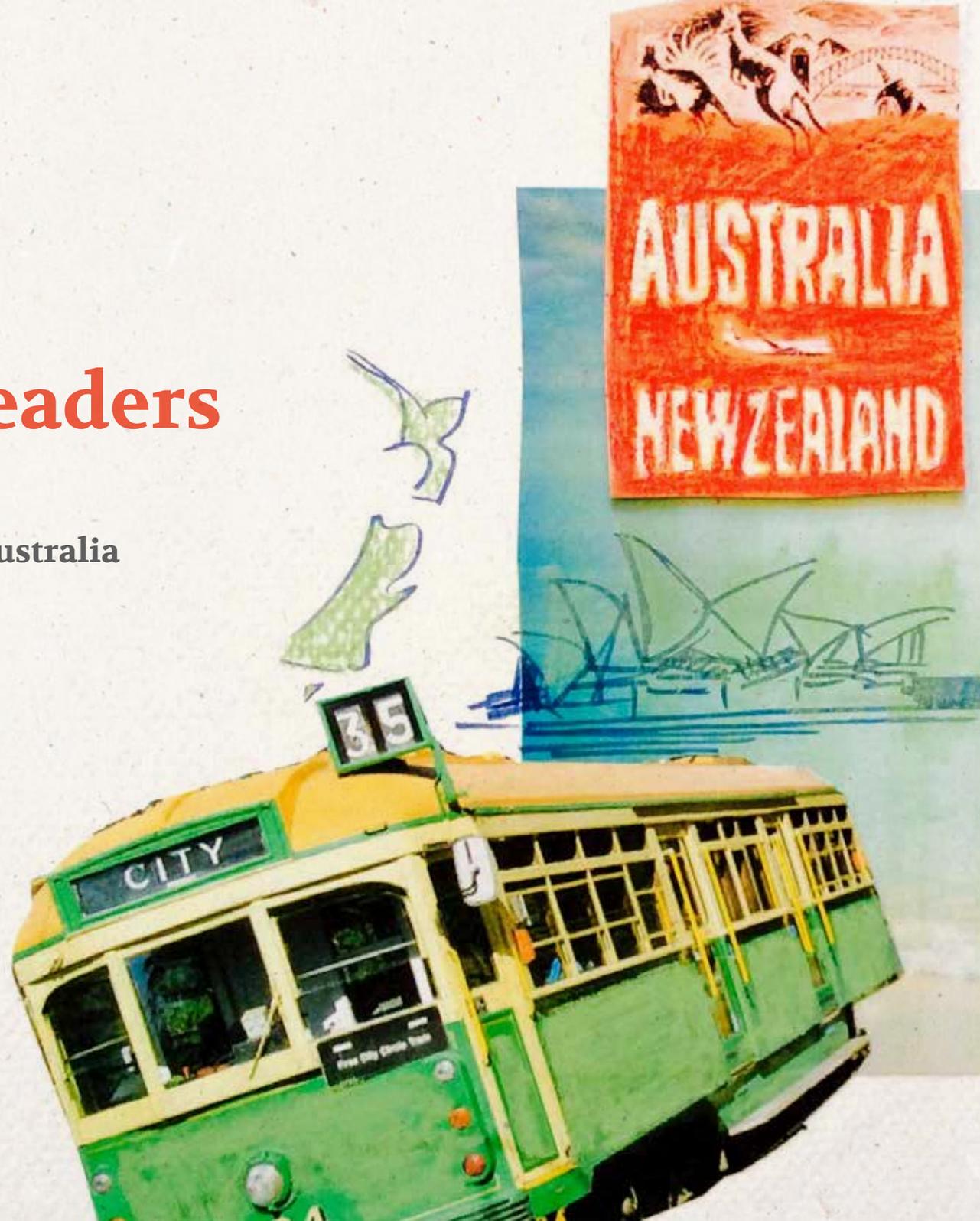


*Business in Australia*

# Interviews with Australia-based leaders of NZ firms

Advice for New Zealand companies in Australia

*Bella Katz*  
BRAND & MARKETING



# Australia-based leaders of New Zealand companies discuss their Australian strategy, and how they got there.

Early last year, I conducted a series of interviews with New Zealand CEOs and business owners to find out how they exported their business to Australia.

As expected, there were no shortcuts to succeeding here. Just hard slog, a solid amount of capital, mistakes made and strategies urgently revised.

This time, I asked Australian and Australia-based CEOs of New Zealand companies for their perspective.

I interviewed 11 leaders, all at different stages of business development in Australia. All with different relationships back to New Zealand.

They had much to say and several chose to go off record, as they didn't think their New Zealand contemporaries would like what they had to say.

It has been a fascinating series of conversations that brings home why some New Zealand companies thrive in Australia, while others crash and burn.

One interview was particularly poignant and summed up all the don'ts that New Zealand companies should heed when embarking on an Australian expansion.

He told me he feels like a colonialist working for this New Zealand company and that it's one of the more challenging positions he has held.

This from a man who's held his fair share of Australian senior roles. So, if I could give the number one 'don't' from these interviews, it would be this:

Don't hire an Australian CEO unless you're ready to take that person's advice. And here's the catch. Make sure you hire the right person so that their advice is worth taking.

The companies I spoke with that are picking up Australian speed have hired well-connected and experienced individuals.

They share the overall business culture, but have been given full autonomy to develop local strategy, local focus and local organisational culture too.

The companies butting heads and facing roadblocks, seem to be those where New Zealand head office tries to fit their own solution to an Australian problem.

As one CEO said: "The New Zealand office simply does not understand the success criteria in Australia. Rarely do they come over. They don't immerse themselves here. They just come for a day or two and we end up having the same conversations to get them to the point of support.

Almost every board meeting it's the same question, 'Why can't we do that?' Well we can't, because the legal framework and the nature of our business is different here than in New Zealand. These things are a distraction. Lets have the discussion once and move on."

**If there's one thing I've learned from all these interviews over the years, as tempting as it is to run your business in Australia according to New Zealand rules of engagement, don't.**

Once you reach a certain Australian size – around the \$10m revenue mark – hire the best local leaders and let them work their magic.

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# Michael Morgan

*CEO Australia of Microsoft technology specialist,  
Intergen*

The Intergen leadership team did a lot of due diligence into the struggle New Zealand companies face breaking into Australia. One of their initial conclusions was to send a New Zealander to conquer Australia and that was not well received. That person had to create new relationships. Always a tough way to go.

**They were quite deliberate in creating my role and went out to find an Australian who was focused on the Australian market. From the get go they recognised this is not the same market and, nowadays, they defer all-things-Australia to me. I've been really lucky to have that quality of leadership in New Zealand.**

Initially, we had a customer in Australia for five years with no company presence. Now we've had a presence for three years. We dipped our toes in the water and set up sales offices in Sydney and Perth, a small physical presence with services delivered from New Zealand. The next phase was to create my role and local capability.

Traditionally we've provided support services entirely out of our Wellington call centre and that has started to become problematic.

With over 30 New Zealand customers using that service we're a lower level of priority. Trying to get someone in Wellington, who's focused on his own local portfolio, to give Australia airplay can be a problem.

We've experienced growing pains. The company recognised that we needed to brand somewhat differently in Australia. It's less about being a New Zealand business and more about being a rapidly growing business.

It was also very obvious to me that we had to use Aussie wording over the New Zealand story. I saw this as an outsider. That meant having an Australian address for websites on collateral, an Australian version of our quarterly client newsletter.

The longer we're here the more we're able to represent case studies from the local market.

We're now restructured as a national business, with national practices in New Zealand, which is better to engage with out of Australia. Originally our Perth and Sydney offices were transplants out of New Zealand, but as we've grown the sales team, it's more Australians.

We're surprisingly well received by the market as a New Zealand company. The story resonates because there's an Australian running it and we have offices in three capital cities – enough to say we're not a New Zealand business.

I could have up to 20 more people in my business, but right now I pick up excess capacity into New Zealand, which is 20 to 30 per cent cheaper than here. I'm effectively the only overhead in Australia and everyone else is a billable consultant.



We've moved marketing budgets into local markets so the plan comes out of Australia but the tactical delivery – production of materials and so on – is out of New Zealand.

It works really well, as the number one principle we've applied, which is not up for discussion, is that anything that happens in Australia is my decision.

When you push things into Australia, especially in service-intensive industries like ours, you end up throwing money away.

## Warrick Batt

*Managing Director Australia of textiles and advanced fibre manufacturer, Autex*

When we first came into Australia we were the small player. The underdog. And now we're market leaders in several areas, particularly innovative products.

We've developed very close partnerships with some customers. We're selling them a product, but behind that is a technical solution.

Here you can lose a deal because you're three cents more expensive, so we have partnerships in place to combat that.

We do a lot of research to find out the size and competitors before we enter an area. You have to be prepared to change at a moment's notice and if you're too rigid you'll lose out.

It requires a change in the way people operate, how accounts operate, market strategy and marketing strategy. New Zealand modus operandi will not work here.

**What has made us successful is that we've looked to give people, not just responsibility, but autonomy. If you can find people in Australia to do that, you have a far better chance.**

We've always employed both Australians and New Zealanders together and most of our senior people have spent time in both markets. Without doing that it'd be impossible to run the business.

You can't just say, 'Take this from New Zealand and do it there.' It doesn't work like that. We take strategy and product we have in New Zealand and adapt it to Australia.

Some products we even decided to manufacture in Australia, because they were quite bulky and freight would've killed it. It also means we can respond to just-in-time manufacturing.



A few New Zealand companies here are too inflexible. They need to be prepared to adapt. And quickly. If you try and push something upon people here it'll be pushed away and a second chance is remote.

There's a lot of difference in legislation, even between Australian states. Channels to market can vary State by State.

In New Zealand it's reasonably straightforward to identify influencers or decision makers. Here, you may think you have a channel, then three quarters of the way through you find out it's actually these other people, in this other department.

# Doug Sadler

*General Manager Australia of ecostore,  
the sustainable cleaning & beauty products maker*

ecostore's brand awareness in New Zealand is around 85 per cent and only 23 per cent in Australia. Anyone who experiences the brand becomes an advocate, so we have to get past that trial barrier.

**We're working on our 20-year plan right now. There's a tipping point coming soon when Australia will be bigger than New Zealand, so it's really important that we have that autonomy and structure in place and run everything according to global objectives.**

We bought our sales function in house from March 2014 and we're building the Australian team, including the sales and marketing function.

Initially we went through a broker, who managed the key accounts. But there were many intricacies and by mutual agreement we moved away from that approach.

We now handle all national accounts in-house, which puts us in a stronger position with our customers. New Zealand is our headquarters, but Australia is a major



market and will be the biggest within a couple of years.

We have work to do around the positioning and we're doing a lot of research into who our target audience is, the behaviour and language that motivates them.

The retail aspect in Australia is very different, the consumer is very different. Surprisingly, they're more environmentally aware than their Kiwi compatriots and have a strong leaning towards supporting companies that manufacture cruelty free and ethical products.

Australian shoppers actively seek this information out about brands they're considering.

They're also more likely to want to trial something new and shop somewhere new, like markets or specialist stores, to have a different experience or find new products. The market is larger, more fragmented and facilitates this behaviour.

Shoppers on both sides of the Tasman are conscious of price, value and performance, but the Australian shopper is a little more elastic in regards to this. Australian Made is a big deal here.

**Australian's don't tend to trust as easily as Kiwis do, they tend to be a little more cynical and look for established brands that have demonstrated leadership and respect to the environment, animals and humans.**

**The New Zealand aspect, while important, is not key in this market. The healthy and safe angle is our main one.**

Lines of communication are really important. I travel across to New Zealand every few months and encourage marketing and sales managers to come here.

They must understand in-market Australia, so I take marketers to see our customers, who are very different to customers in New Zealand.

It's not enough to just be on a shelf in Australia. There needs to be a backstory, not just a product. And we have one of the most unique in the FMCG industry.

## Sean Horgan

*Managing Director Australia  
of electrical contractor, West Coast Energy*



Initially we made the mistake of assuming what we're good at in New Zealand would transfer to Australia.

We failed miserably. Business was a lot more challenging, more regulated and more contractual.

I moved into the role from New Zealand in 2013. By then, our Australian business had gone through a number of leaders.

For many years we treated the business as an extension of our New Zealand operation.

At the start, the business was led by a regional New Zealand manager who was responsible for establishing the business, but wasn't adequately supported and found it difficult.

Then we employed a local in Western Australia who reported to New Zealand. But he wasn't familiar with our culture, so we decided to run the whole thing out of New Zealand, under one General Manager and then another.

We then appointed an Australia CEO who was in the position for six months. He expected more of a traditional CEO role and thought he'd manage the high level relationships and set strategy. But he also had to roll up his sleeves and there was a cultural disconnect. Small New Zealand businesses seem to work well with a flat structure.

I've had to come in from a standing start, build all those external customer relationships. Networks like NZVBG

do help and we now have an Australian director who has held a number of senior positions in the industry, which by proxy has helped with relationships. He's actually telling us to play the New Zealand card as it could differentiate us from mid tier to someone a customer can form a long-term relationship with.

We're a mirror image of our New Zealand parent and employ predominantly Kiwis. Of a total 220 Australian staff, approximately 110 are Kiwis. You could have somebody in my role who's Australian and has relationships already in place, but they'd need to be aligned or at least in-tune with New Zealand culture.

**For us it works to have a New Zealand CEO with international experience and eyes wide open.**

**It's also important when the company has predominantly New Zealand employees and you believe the way we do business is one of the strategic points of difference.**

In our industry, New Zealand is further along in terms of the outsourcing service models that customers employ. Here, the agreements are typically short term and awarded mainly on price.

Our New Zealand parent company has been a principal service provider to a large network since 2000. Over that time a lot of trust has developed and the commercial framework has evolved. To the point that there's a high degree of transparency and a balance between long and short term KPIs.

The commercial environment is harder in Australia, however once we're in and they feel we're genuine, it differentiates us from some competitors. Other contractors come in and say they're about the long term and building relationships when they're not, and you get painted with the same brush.

We have to be more astute and have contractual frameworks in place and customers do enjoy working with somebody that's transparent.

## Steven Cronshaw

*Managing Director of cloud project management software company, Sentient PPM*

Our Australian office has been here for about five years, operating as SentientPPM Limited. There's another business called Sentient Software trading here, so that's something New Zealand companies should be wary of.

The CEO, Steve O'Neill, had a go of coming over here and playing in the market. So he has first hand experience and understands that you need someone with good connections, good networks, the best marketing and sales approach.

When we're referencing New Zealand clients, Australians do have a little of that attitude towards New Zealand. 'In New Zealand that's a small company, so...' But we're targeting an industry sector and have international names like Vodafone and Telecom NZ. Brands that are well recognised in Australia.

The Australian office is pretty autonomous, but we tend to defer to New Zealand quite a bit and acknowledge their experience. If we have a successful prospect or client, we have to fit in with New Zealand time to ensure developmental work can be completed.

I get on well with the New Zealand CEO and we see each other quite a lot, there's a high degree of contact. The whole company has a weekly meeting via video conference, so we get to hear what everyone is up to and share our stories.

**People in the organisation may not always understand the scale of Australia. Many of the companies we're working with are massive compared to New Zealand companies, perhaps 30,000 staff. It's tough for a small team to break into this massive market, whereas in New Zealand you generally know someone somewhere who can help you out.**

Compared to Australia, you can fly under the radar in New Zealand and may not have to go through a rigorous procurement process. Here, you can strike up a rapport with the right person and still not get anywhere. You might think you have the inside running because of all the relationship building, but in fact you don't.

People want to know you're not going fall over, that your company is financially stable, the product does what you claim and that your reputation is solid.

My role is to open doors at the C level, if possible. It's supposedly easier for our prospect's internal champion to sell down than to sell up.

We don't tend to overly promote the "New Zealandness" of the company, but we do say we have significant customers in New Zealand.

We've also won a Consensus Software Award 2012, an Australian award judged by Australian experts and validated by peers.

One of the things we do promote is the fact that all our development is done in New Zealand and not on the sub continent, which seems to be respected.



## Brent Lawson

*Managing Director  
of produce exporter, Delica Australia*

There are advantages to being a New Zealand company with an export focus, as the Australian mindset is different and more around agribusiness.

This can be frustrating because suppliers don't have the same export mentality, but the advantage is that a lot of Kiwis have been successful in coming over here.

The Australian export sector is difficult right now due to the high Australian dollar and high labour costs, however it's a necessity, as the domestic market can get flooded with products very quickly.

Delica's global strategy comes out of New Zealand and it's a challenge to action this within the Australian environment.

We're trying to figure out how to fit that here. Trying to find a way that we're part of the worldwide group and overcome the local issues, so we can align with the global goals.

Technically, from a legal and tax perspective we are Australian companies, but owned by New Zealand. The New Zealand companies source New Zealand product and ship it to Asia. We source Australian product and ship across the world.

Sometimes there's a bit of a struggle to understand the subtle difference between New Zealand and Australia. Like labour costs, what it costs to employ someone and how. Perhaps HQ doesn't appreciate the differences, but it's nothing insurmountable.

Turners & Growers, which owns Delica, has aggressive growth plans, so the challenge for us is finding investment opportunities and growth opportunities that stack up. In our industry it's quite difficult, as what might cost you X amount in New Zealand could cost you twice as much in Australia. We're trying to improve, trying to get people to understand other parts of the business.

In the early days of the relationship it was pretty autonomous, but there was a gap between Turners & Growers and Delica. What we've seen now, with the change in shareholding and new ownership by BayWa, is a real shift toward integration, which is great.

We're getting closer and closer to the answer and that's important because you don't want everyone going in their own direction.

**The teams in New Zealand don't often understand how ruthlessly competitive it can be over here in this industry. Often you don't have the ability to set prices with the major retailers – it's all on their terms. And if you grow or produce in Australia you have to have relationships with them.**

This is a good time for a supplier of product from Australia and New Zealand into Asia. There are great opportunities, as consumers are looking for what they perceive to be safe suppliers. New Zealand and Australia are top of that list.



We're unique in that we have growing operations and sourcing offices in different locations around the world. So if there are major weather events or crop failures in one growing region it doesn't disrupt T&G's ability to supply, as we can switch the customer to another region.

# Doug Gibson

*Country Manager Australia  
of IBM systems integrator, Certus*

My experience working in a New Zealand company in Australia has been a good one. It all comes down to people and if you have the right people in the leadership positions, it goes well.

Australia is where the growth is, so where we used to always report back to the New Zealand mother ship for sign off, the Australian business can now sustain itself. However, we are representing the owners of the company so need to ensure the business is run correctly.

As it happens, the New Zealand owners said go for it. They might offer advice on what has worked over there so we can leverage it, but we do the same with advice back into New Zealand. It makes the guys in Australia feel like they matter, which is important.

In Australia we grew through acquisition, so part of my role has been to break down silos and create a Certus Australia culture.

The guys are stepping up and business is stepping up. We actually have no Kiwis in senior management right now, but we have Irish, South African, Australian. A real mix.

**Our relationship with New Zealand is very collaborative and I'm a hands-on phone guy, so I'll call the New Zealand office and say lets try this, and they're open to it.**

We take it in turns to meet. They come over here and I go over there. I also encourage the management team over here to spend time in the New Zealand office, so it doesn't feel like it's another ship.

I remind my team that every single person from the CEO down, works for them so use them on a sales call, get them over here to show some love.

Now in Australia we're looking into collaborative work, to see how we can change, as we're also looking to see how we can double in market size.



Australia is in a much more mature stage, things take longer, it's more difficult and the New Zealand leadership team gets that.

Maybe in New Zealand everyone goes directly to CEO level, but you can't do that in Australia. It's much harder.

Also New Zealanders are so much quicker to adopt technology than Australians, Australians are more cynical.

For New Zealand companies that want to come over here, you have to be real about the Australian market. It's not a case of 'Hey, there's a market seven times our size. Lets go for it!'

**You need to get a good handle on set up costs and ask yourself, am I prepared to go in for 12 months and make nothing?**

**Work out the investment you're prepared to look at, try find some key players who can join your team, have a network you can tap into straight away.**

You want one or two key people who have contacts, not necessarily C level, but enough just to get in.

And ask yourself, why should someone listen to you and not someone else in the market right now?

Say you're key in integration or you specialise in Emptoris implementation, that's how you'll stick out from the rest of them. Go sniper not shotgun.

# Paul Bayly

*Managing Director & Co Founder  
of Cranleigh Merchant Bankers*

We're an Australasian merchant-banking firm set up 18 years ago and I was one of the three founders. In the early days, it was important that I was here in Australia and led the charge. I knew the culture I wanted to create and the type of clients we wanted.

It's a people business and it wouldn't work to just employ someone, so I had a plan and played to my strengths.

**We wouldn't have won the big trans-Tasman jobs without an Australasian presence. You don't get to play in that space unless you're here, in Australia.**

We're well known in the government space in New Zealand and with boards and CEOs in the private sector. In Australia we are not so well known in the M&A space as we focus on the trans-Tasman opportunities to distinguish ourselves.

We're agnostic about who on the team does work where. We pick the best people for the project and they work in both jurisdictions, Australia or



New Zealand. It's not always successful to have that company-wide focus, as the attitude does tend to be to only focus on clients in the country you're in. We work hard to overcome that.

We have a regular weekly call, monthly board meetings and try and get together every six months, normally by going to Auckland.

In building an Aussie team, make sure that people are exposed to the New Zealand culture, which is different, rather than just doing things over the phone.

Initially, I was Managing Director of the entire Australasian business from Melbourne, but recently we appointed a Managing Director in Auckland to oversee the New Zealand and Asian businesses.

It's a big market here, but New Zealand has changed too. You used to be able to walk through the door and now there's more tendering, more collaboration for deep, specialist skills to win bids. The same in Australia.

The nature of the work here requires partnerships and we partner a lot with engineering companies and economic firms. Things are changing and niche players are picking up a lot of work. In New Zealand they may not yet do this type of partnering, as the markets are evolving slightly differently.

One new trend I've seen in New Zealand is discussing how to structure RFPs before going to market. They don't do that here and are missing the real problem.

Also, procurement practices are different between the two countries. It's not that they're more advanced, just different. For example, the new toll road in Wellington is very well run, while some things here are not as advanced.

Victoria in Australia used to be very advanced, leading edge in procurement through the treasury, but not any more. You just have to look at the East West Link project. The government has assumed a huge level of risk, driven in part by political events. New South Wales is still different as they realise they have serious problems and are fixing those very fast.

**I don't think New Zealand is behind the curve at all. In fact, people in Australia are asking what's happening over the other side of the ditch, as they're getting things right. That's the first time I've heard that.**

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