



## Media Release

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### **ANZ Barometer highlights need for sustainable platform to ride new 'growth wave'**

*Scale and collaboration do matter - as do inspiration, planning and investment, firms say*

New Zealand's most in-depth business survey has highlighted the need for firms to gear up for a 'growth wave' in a way that also equips them for future economic cycles.

ANZ's 2013 Privately-Owned Business Barometer highlights three things firms should focus on to build sustainable growth: scale and collaboration; inspiration and planning; and investment.

"The past few years have been tough for Kiwi businesses but there's a wave of growth coming with the potential to propel New Zealand into a position that's the envy of most developed countries," says ANZ Managing Director, Commercial & Agri, Graham Turley.

"The question is: are we ready for it and how can we ensure that after riding this wave we're better placed to ride out future peaks and troughs.

"Businesses have spotted the coming wave and their confidence is at a long-term high. But not all growth is good for the long term. This year's survey highlights the challenge for businesses to look beyond the approaching wave and build a platform fit for the future and any turbulence it may bring."

The ANZ Privately-Owned Business Barometer gives critical insights into a key sector of the economy. The results are widely used by businesses, as well as organisations working with the private sector and key decision-makers in government. Now in its seventh year, it questioned owners of businesses of all sizes, from all sectors and all parts of the country on the issues affecting them and their views on the future.

#### **Key findings of the ANZ Privately-Owned Business Barometer 2013**

- 78% of respondents are slightly to very optimistic about their business over the next year (compared with 65% in 2012)
- 88% of commercial businesses expect earnings growth in the next year
- One in four firms turning over more than \$2 million a year are looking to target new regions or markets; 18% plan to invest in new plant and equipment
- 16% of commercial respondents are looking at mergers/acquisitions to drive business performance; 11% are looking at partnerships or joint ventures
- 45% of businesses say they follow best practice with planning and decision-making; 23% involve their staff in goal setting
- One in 12 firms turning over more than \$2 million is looking at research and development to drive business performance
- 56% of firms find market research and financial analysis tools helpful when making big decisions; one in four would like advice on how to lift productivity

The survey shows that confidence in the New Zealand economy is up sharply, with 68% of business owners optimistic, compared with 44% in 2012.

Worries over getting paid, tight inventory and cost control, and a lack of capital for funding are receding as priority issues, though maintaining debtor control and smart inventory management will underpin a secure foundation for expansion.

"We know business owners are flexible, adaptable and practical," Mr Turley says.

"The upheaval of the global financial crisis provoked major changes from many in the way they ran their businesses. Now, as business confidence and international opportunities for New Zealand's products grow, firms will need to further re-shape their response to take advantage of more favourable conditions."

### Scale and collaboration

Perhaps the most important step for any business serious about pursuing sustainable growth is creating the scale that provides options, Mr Turley says.

"It's not necessarily about mergers or acquisitions, though these can provide a step-change in scale for some. It could be about achieving the size and earnings capacity to attract skilled people who can help drive further growth. It might mean teaming up with others in the industry to find solutions to common problems or collaborating with your domestic competitors to gain the combined scale to develop export markets."

The survey shows most firms are expecting earnings growth of 1-10% in the next year, with little change since last year in the factors driving growth. A little more weight is being given to research and development and there is a slight increase in firms intending to launch new products or services. Exporters have higher expectations of growth and earnings.

### Investment

"Building a business with the resilience to ride out the ups and downs of business cycles also requires investment. Not just in plant, equipment, buildings and land but also in people, in intellectual property and in research and development," Mr Turley says.

"The most important investment may be in the capabilities of the owner or manager so they're fully equipped to evaluate and seize opportunities. Mentors, business schools and industry workshops can provide owners with the interaction to help challenge and extend horizons and capabilities. Many successful firms are also investing in new staff, or in existing staff, to lift their capabilities and involvement in the success of the enterprise."

Certainty over expected returns is one of the main factors affecting investment decisions. Uncertainty over regulations, procedures and policies from central and local government remain one of the biggest concerns cited by businesses.

### Inspiration and planning

The survey identifies inspiration as a key difference that can fuel a company's next leap forward. It can be sparked by new developments, connections or information picked up from any number of sources: customers, trade shows, discussion groups and even competitors. The challenge then is to turn new ideas and insights into a commercially viable business advantage, and the key to this is good planning.

"Turning inspiration into a plan is likely to require further research and the involvement of advisers before being scrutinised by directors, mentors or others whose judgment is trusted. Or it may be a robust family discussion that examines and reshapes the proposal," Mr Turley says.

"Good business planning is identified as an essential part of sustainable growth. Companies with clear objectives and a plan for how to reach them are more likely to succeed. A sound plan will consider a range of possible future scenarios and the best business response. This helps ensure a business will not be unduly shaken by the next peak or trough in economic fortunes."

The ANZ Barometer survey report can be seen at: [www.anzbarometer.co.nz](http://www.anzbarometer.co.nz)

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