

∞ SUMMARY ∞

**NO. 8 WIRE – A NEW ZEALAND LIFESTYLE OR GROWTH MODEL –
A CASE STUDY OF AUCKLAND TECHNOLOGY COMPANIES**

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Principal Topic

NZ Statistics figures indicate the technology companies in New Zealand's main business center Auckland are mainly in the 6-9 FTE bracket and rarely grow beyond this 'magical lifestyle entrepreneur' threshold. New Zealand's technology entrepreneurs rank highly on the GEM scale of generating niche ideas. The same entrepreneurs seem to be suffering the New Zealand disease or are life style entrepreneurs. Our hypothesis is that Auckland technology companies have multiple inhibitors to growth:

- Internal
 - lack of growth ambition (life style entrepreneur attitude or the beach, back, beamer phenomenon)
 - lack of business acumen/capabilities
 - cash flow issues
 - entrepreneur/founder = control fanatic
- external
 - growing compliancy issues: tax, HR issues, logistics costs, OSH,...
 - playing in an international field: international competition, tariffs,...

An investigation of the contribution of each of these growth inhibitors is subject of this paper. We will compare the results of our studies of Auckland companies with experiences based on running the Connect Programme in Edingburgh, Scotland, for over eight years.

Methodology/Key Propositions

We are using the case study methodology to interpret structured and unstructured interviews with seven Auckland technology entrepreneurs. This qualitative data will be correlated with quantitative data based on balance scorecard considerations. A control group of two successful Auckland based technology companies is used to detect clear differences and deduct conclusions for smaller entrepreneurial organizations.

Implications

This research will indicate areas of further investigation into inhibitors of growth in New Zealand technology companies. It also shows areas of best practices in how to counter balance the identified negative trends. Multiple ways forward affecting public policy and private sector initiatives are discussed also in the light of the 1998 Porter project results for the software industry. It will provide additional insight into how entrepreneurs can avoid failure and prepare their organization for sustainable growth.

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