

ANDREW CALDWELL (ALL ILLUSTRATIONS)

LIVING AT THE EDGE

The Case for New Zealand Exceptionalism

Kevin Roberts

- Far from global centres, the country is paradoxically well-placed to be a hotbed of world-changing ideas

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LORD RUTHERFORD was called “Old Croc” because, like the reptile, he was incapable of looking backwards. Me too. I am programmed to focus on the future, and to get there you have to be totally committed to making things happen. Reason leads to conclusions; emotion leads to action. This is why storytelling is such an important business builder. I look to stories, and to language, as activators of new behaviours. I am not a huge fan of research vampires, process re-engineers and re-structuring boffins—too many conclusions, not enough action. Stories, which are subjective, creative and imaginative, inspire us to act.

Alan Webber, former editor of the *Harvard Business Review* and founder of Fast Company, once said to me that “if you change the language, you change the conversation.”

My first attempt at this was with colleagues at the Waikato Management School and our study of sports organizations to unlock new language about how companies and individuals can operate continuously at their personal best. We were not satisfied with the existing body of management theory that was derived almost exclusively from... management. Sport offered a fertile landscape for new language and fresh metaphors. We called our book, and the method arising from it, *Peak Performance*. This introduced new phrases to the business arena such as the “Inspirational Dream” and the “Greatest Imaginable Challenge.” The company I lead, Saatchi & Saatchi, flows daily on dreams and challenges. With my colleagues Drs Mike Pratt and Clive Gilson, we turned Peak Performance into a multinational coaching programme. During the decade 2000-2009, in which AG Lafley led Procter & Gamble (and doubled its size), we ran Peak Performance workshops every quarter in Cincinnati and many other parts of the world. Language and stories fostered a sizeable export business and value creator.

My second attempt to leapfrog the atrophy of established practice focused on the subject of brand management. Procter & Gamble invented brands to create premiums. In the late 1990s when I started as CEO Worldwide of Saatchi & Saatchi, I was gripped with the fear that everything had become the same. Parity ruled. Product, price, service, design, distribution, marketing—everything had evolved to a point of universal excellence, so that getting an incremental upswing in margin or share was

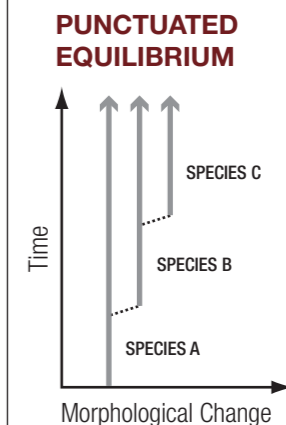
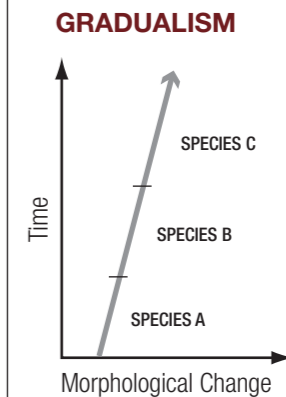
the best that could be done. At the same time our principal clients were demanding advertising work that was, frankly, rational and boring. It was information dense and benefit-obsessed. Our best people ran a mile from working on our biggest accounts. I set myself the goal of emotionalising our top clients so that their communications would become more about consumers and their feelings than about the company and the product. A gamebreaker was needed. What came after brands? Our response was to develop a body of work called Lovemarks. Early on, as a brand manager and sales director in Europe, the Middle East and North America, I had formed a simple view that the two elements that built business relationships with partners, retailers, suppliers, consumers involved a mix of Respect and Love. We developed a Love/Respect Axis (that is a killer app in the boardroom when making investment decisions) and some simple frameworks for creating products and experiences that people love rather than like or merely tolerate (and believe me, consumers are ruthless when it comes to sharing, or not sharing, their love). For me and for Saatchi & Saatchi, the introduction of Lovemarks had a galvanizing effect. We were immediately into emotional territory—the hot zone of action in the market place. We attracted a lot of attention (Lovemarks was surprisingly controversial and even threatening to many people), gave a few hundred speeches, produced some books that sold in their tens of thousands across dozens of countries, started websites that harvested consumer stories, won significant new business and gener-

ally differentiated the company from those that did advertising. Ultimately, we became the Lovemarks Company—all off a shift in language for the purpose of triggering a quantum effect.

My third such attempt at moving mountains by changing the language focused on New Zealand. For too brief a time Saatchi & Saatchi held the New Zealand Tourism account as it moved to a single global message platform. Instinctively I felt that selling scenery put us straight into the parity game; “my alps are better than your alps.” I thought that New Zealand’s people and their unique ordinary/extraordinary composition would hold the key to attracting visitors—and indeed investors, immigrants and global consumers—for our products and services. One of the techniques we used to unlock the language around this was the practice of One Word Equities, which our client Toyota used to differentiate each of the vehicles in its wide range. A Toyota HiLux, as we well know from Crumpy and Bugger, is “Indestructible.” All the communications flow off this equity. How then to encapsulate New Zealand in a single word?

Brian Sweeney, a mate and a patriot, worked with me on this. Our inquiry took us into the science of molecular biology, and in particular Stephen Jay Gould’s theory of punctuated equilibrium which posits that change happens at the edge of the species, where the population is most sparse and where new life forms emerge and mutate without being suffocated by the orthodoxy of the centre. It was a Eureka moment. Without even needing to discuss or workshop the idea, “edge” became our one word equity. It addressed our geographic paranoia—that we’re tiny, remote, isolated, irrelevant—by defining a role for New Zealand in the world—to be its “edge” and the source of world-changing ideas.

The edge revelation sparked two lines of activity. The first was an exploration of New Zealanders who had changed the world in some way, and to write their stories so they could become modern-day role models. Heroes. Inspirers of self-belief. Some stories were well known, but we retold them anyway: Ernest Rutherford, Ed Hillary; Kate Sheppard, Katherine Mansfield, Arthur Lydiard, Bruce McLaren. Many stories were less obvious, buried, or uncollected: medical inventor Colin Murdoch, WWII



Eldredge and Gould proposed that the evolutionary gradualism commonly attributed to Charles Darwin is virtually nonexistent in the fossil record, and that stasis dominates the history of most fossil species: significant evolutionary change occurs in dynamic bursts at the boundaries.

warrior princess Nancy Wake, industrial designer Joseph Sinel, inventor Ernest Godward, shearer Godfrey Bowen. Our digging produced a list of 400 incredible achievers, a shortlist of 100, and an actual output of about 40 short, definitive biographies. We extended our storytelling to contemporary achievers in science, technology and medicine, business, film and the arts, fashion, style, wine and food and sport. Our filter was that our website would only source stories from international media. Over the decade nzedge.com published about 7,000 stories of New Zealanders who had achieved internationally. The motivation was a passionate belief that New Zealand has to be internationally focused in order to earn its living. Selling just to ourselves is a short course to disaster.

The second line of Edge activity was to explode the language around expatriation. So little thought had been directed towards the very large group of New Zealanders who had physically left. Official policy seemed to be to forget about them. This seemed criminal: about 25 per cent of our university graduates go overseas and seemingly we don't care. Language kicked in. Our back-of-the-envelope figures put our overseas population at about a million. This galvanized attention. We spoke about there being five million New Zealanders, not four. This alone was massive value creation with the stroke of a pen. We called for a Network of Overseas New Zealanders (NEONZ). Stephen Tindall and David Teece stepped up with their global talent network, Kea, which goes from strength to strength and country to country. Our observation and tracking suggests that the creative and capital exchanges between New Zealand and its overseas

population are alive, active and producing new idea flows and work streams. I also observe business and creative collaborations that take place between New Zealanders across a number of Northern Hemisphere countries. The models for mapping the economic benefits of the diaspora have been well developed—for example by the Australian Treasury (which quantified the GDP value of its own million-strong overseas population) and by the Lowy Institute in Sydney.

[New Zealand diaspora specialist Professor Kerr Inkston and Kaye Thorn write on its impact and potential elsewhere in this issue of *The University of Auckland Business Review*.]

I have made the journey back across the Pacific to my Auckland home and office about 80 times in the 14 years I have been CEO of Saatchi & Saatchi. New Zealand is a critical part of my intellectual and operational infrastructure. I believe in Edge theory and I live it to the max. What I see in the newspapers, magazines and television programmes here is an abundance of ideas, designs, products, styles, tastes, innovations, software, hard science and applied research. The scenery is nice but the brainware is incredible. With it, however—and here scale does matter—is a flintiness in our approach, a thin capitalization of almost everything, and a reluctance bordering on ignorance to engage and invest in the business of selling. As business people, we have been suspicious of promoting ourselves (advertising is seen as “lipstick”, conferences as “talkfests” and overseas travel as “junkets”), of competing (our sports attitude has not translated to business) and of making long-term partnerships (we are commitment averse). We are reported as having the second highest rate of anxiety



disorders in the world. And our economic literacy is low. For the 2005 Knowledge Wave conference, I presented a survey of 105 university-educated people who were asked a single question: what is the GDP of New Zealand? Only one person knew and few claimed even to have any clue. It is little wonder that so many billions of dollars in life savings have gone down the tubes in the finance-company meltdown.

Add to this the 21st century version of “she’ll be right”. An Australian journalist visiting Christchurch for the second All Blacks-Wallabies test match of 2010 identified various transport and logistics problems he felt needed to be addressed before the 2011 Rugby World Cup (this was before the earthquakes took care of the issue). Being Australian he did not hold back, but spoke of the Kiwi “gunna do” culture—the obvious implication being that we don’t follow through or finish the job. The past three All Black World Cup outings showed this. I was appointed to the board of Team New Zealand which had a boat that sank, broke and busted. We have to admit to ourselves that New Zealand needs to address several reality gaps before world-changing becomes pervasive. (The 2010 New Zealand Institute Report *A goal is not a strategy: Focusing efforts to improve New Zealand’s prosperity* notes that since the 1980s New Zealand’s dominant economic strategy has been economic liberalisation, but that this has not resulted in better labour productivity, in fact quite the reverse. “Persistent underperformance” is the finding, which leads me to conclude that our challenge is “emotional liberalisation”—unleashing attitudes and action. We have been stuck in a “getting things done” mode rather



than “making things happen”).

Prevalent among the gaps is a lack of mass appreciation of the need as a country to generate higher global income in order to fund spending and debt payments. Our external debt is dangerously high. We are chronically under-saved. We love our lifestyles, cappuccinos, and plasma screens, but we’re not awake to the realities of needing to pull off something really big—and to repeat and repeat again. We need bigger, faster, richer ideas. Imagine a Cabinet position called “Head of Sales” for the whole economy, who presented a weekly report on performance, initiatives, and progress towards targets. Peter Blake filtered every decision by “does it make the boat go faster?” We need this approach to our overseas sales effort.

Two other deadly manifestations of “gunna do” are our performance on Leaky Building Syndrome—you know that a problem is mega when the word ‘syndrome’ is involved—and our rates of incarceration. Apart from the personal heartache of homeowners, leaky buildings are costing New Zealand something like \$25 billion—the value of 25 export wine industries, four or five Peter Jacksons, a couple of Fonterras, and more than the estimated cost of the Christchurch earthquake recovery. How local and central government and property developers and trades combined to conjure such a mess needs to be explained on a single page so that we know never to repeat it.

And that a country as bright and sparky as New Zealand allows its imprisonment rate to worsen defies me. The cost of people offending, the administration of justice, and the lock-up of thousands of people (both new- and repeat-offenders) is astronomical. The joke about Australia being founded by convicts has been turned on us. Australia imprisons one-third fewer people per capita than New Zealand. The Government now does regional EVA analyses on the construction of new prisons and these prisons feature in design and architecture journals. Corrections is on its way to become the largest Government Department. I contend that most people can be diverted from a life of crime at an early age. My own teenage years in working-class Lancaster were set on the right track by some generous-of-spirit coppers and teachers (who did not buy my rationalisation that I was shoplifting books). I work extensively in this area through the Turn Your Life Around Trust in West Auckland, a partnership between committed individuals and New Zealand Police. I raise money for their programmes and operations. I know that there are many people working on solutions, including new initiatives such as Rangatahi Courts. To me the answer lies in improving literacy—the correlation with imprisonment is massive – jobs, better parenting, and a purpose-inspired society. Money helps, but getting the language frameworks right is funda-

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E frameworks for making things happen

Execution

I advocate that all Government departments activate 100 day planning cycles, that the key departments publish these plans on the web, along with progress, so that implementation priorities are transparent and there is greater accountability for action.

Exuberance

Keep celebrating winners. We must do encouragement well rather than being suspicious of people who do well. I believe that every success story breeds another winner, shines another light, inspires another success. Let’s match this with realism and frank discussions about what we need to do better, where we are kidding ourselves, and what we need to eliminate.

Expansion

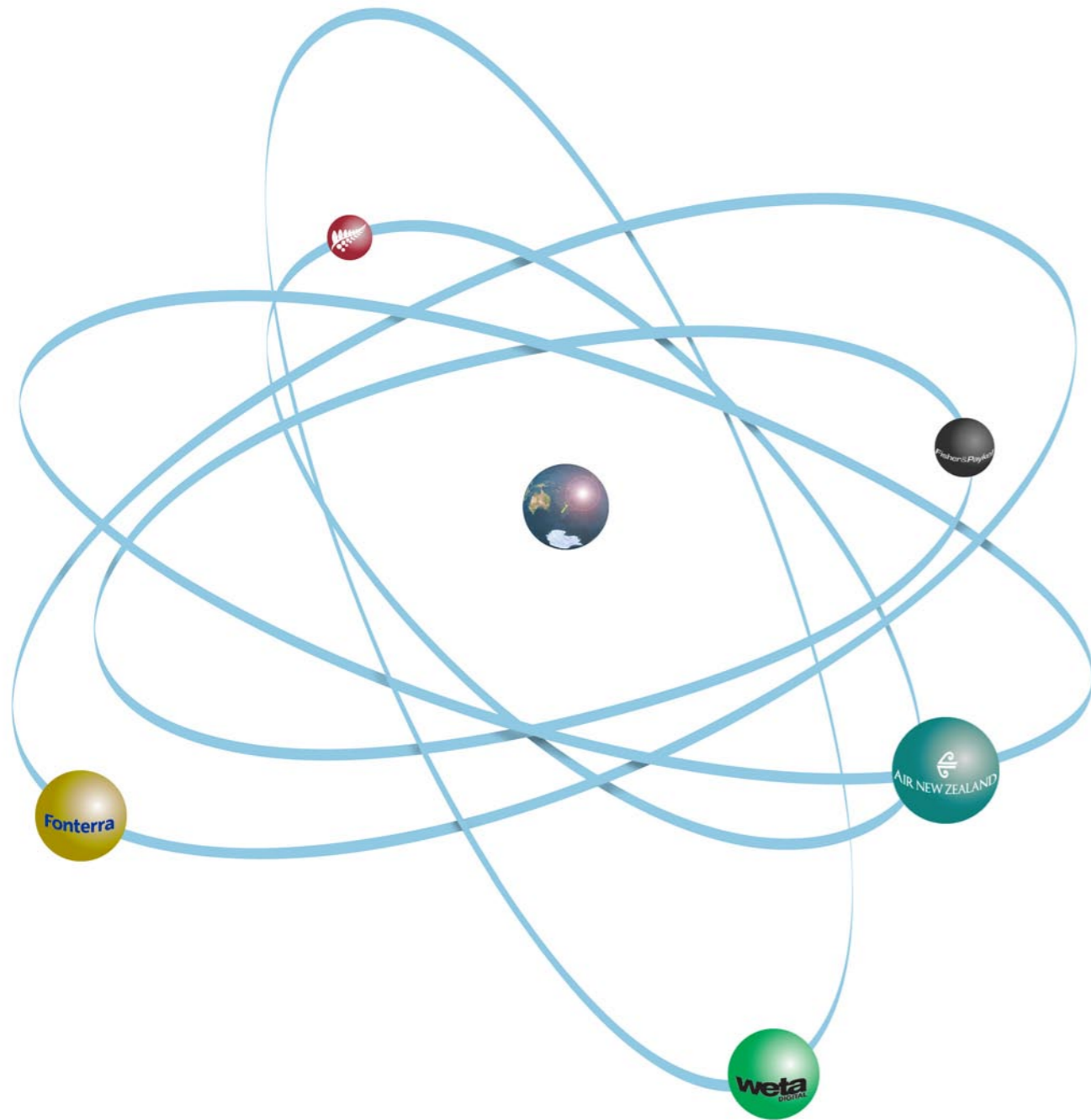
Add another million. There is debate from time to time about what the optimal size of the New Zealand population should be (countries with similar land areas such as Japan, Italy and the UK will be looking on in amusement). New statistics point to Australia’s significant economic lead over New Zealand coming not simply from digging up its continent and shipping it to China, but from a greater immigration flow. New Zealand had something of a boom but it has fallen away, and so too have many drivers of growth. I am a marketer and I want more people to sell to. Exporting is one way—and the removal of New Zealand’s price advantage as a result of currency appreciation puts the focus where it should be, on the quality of the idea, not on its low cost. Importing people is another. We don’t mind sharing our land with more than five million belching, excreting cows and 30-odd million sheep, but we are less happy about welcoming more people.

East

China. I have spoken about our three most important trading theatres as the 3As: Australia, America, Asia. Indisputably, China is our most important future partner. There are numerous ways New Zealand will and does trade with China. Fonterra says the value of the Chinese dairy market will more than triple in the next 10 years to become the biggest in the world. The melamine-in-the-milk crisis in 2008 should be an incredible learning experience. There are all sorts of possibilities. I watched an intriguing video of the launch in Beijing of GungHo Pizzas, brainchild of New Zealand entrepreneurs John O’Loughlen and Jade Gray and inspired by Rewi Alley. Putting aside a discussion about whether the Chinese revolution was all about getting to a better pizza, GungHo is a great example of New Zealand-based branding that we can take to the world, to join with other Aotearoa-positioned brands such as 42 Below, Cloudy Bay, Weta, 100%, and Air New Zealand.

Express

New Zealand’s formal set-piece international presence is grossly under-done for an export economy. We design and make showcases very well, from the Chelsea Garden Show to the Shanghai World Expo, but we need to double if not triple the spend to create a “pull” effect. I know it’s cynical to say that this only equates to a morning’s worth of the benefit payouts, but the multiplier effect of more budget going into export marketing and preparing our ideas for internationalisation is incredible. There will be misses but the rule is fail fast, learn fast, fix fast. We need to expand our points of presence, build more bridges, and create more touchpoints for global consumers to experience the delight of our work. We provide consumers with little or no latitude to experience us. We must go directly to the key markets in the world and speak our messages directly.



mental: what we stand for, what we will do, and the spirit in which we will do it. I am looking to the Prime Minister, John Key, to deliver the inspiration and direction. His post has the mana and I believe he has the moxie to go beyond doing things right, and doing the right things, and lead us to a better place. Losing is a habit. So is winning. A favorite philosopher of mine is the American football coach Vince Lombardi. He was an irresistible force of nature. “Winning is not a sometime thing; it’s an all the time thing. You don’t win once in a while; you don’t do things right once in a while; you do them right all the time. Winning is a habit,” he believed.

I am frequently criticized by New Zealanders for being enthusiastic (from the Greek *enthusiasmos* “to remove inhibitions and artificial societal constraints, liberating the individual to return to a more natural and primal state”). Under-terred, I am plugging on with my school of New Zealand “exceptionalism” in the face of national characteristics of contentedness and casualness. Vince Lombardi again: “I firmly believe that any

man’s finest hour, the greatest fulfillment of all that he holds dear, is that moment when he has worked his heart out in a good cause and lies exhausted on the field of battle—victorious.”

It is somewhat of a fluke that New Zealand succeeds on the world stage. At one end we have a very few corporates like Fonterra and Air New Zealand doing it well on the world stage (with decades of build behind them), a gnarly group of innovators who have built hundred million dollar companies, and a very large number of individuals and startups who are out striving to conquer Everest every day.

I believe that business thrives on dreams rather than missions, on stories rather than studies. I have read the learned studies on New Zealand’s prosperity and nod my head, but my heart really pounds when some crazy bastard has an idea to sail a boat faster than the billionaires or to make a movie that will change our world. Exceptionalism from the edge will always triumph over incrementalism from the centre.

Kiwi Gung Ho! ■



Kevin Roberts is the New York-based CEO Worldwide of Saatchi & Saatchi. He is Honorary Professor of Innovation and Creativity at The University of Auckland Business School and Honorary Professor of Creative Leadership at Lancaster University in the UK. With academic colleagues, he has written books on peak performance, brands and emotions, and the effects of the digital age on brands.

KEY TAKE-OUTS

- **Economic liberalisation has not lifted labour productivity. Fixing New Zealand’s persistent underperformance means switching from ‘getting things done’ mode to ‘making things happen’.**
- **Success stories are powerful motivators. But inspiration must be matched by frank discussions about what can be done better and what should be eliminated or abandoned.**
- **New Zealand companies need to create more ‘touchpoints’ for global consumers to experience their products and services.**