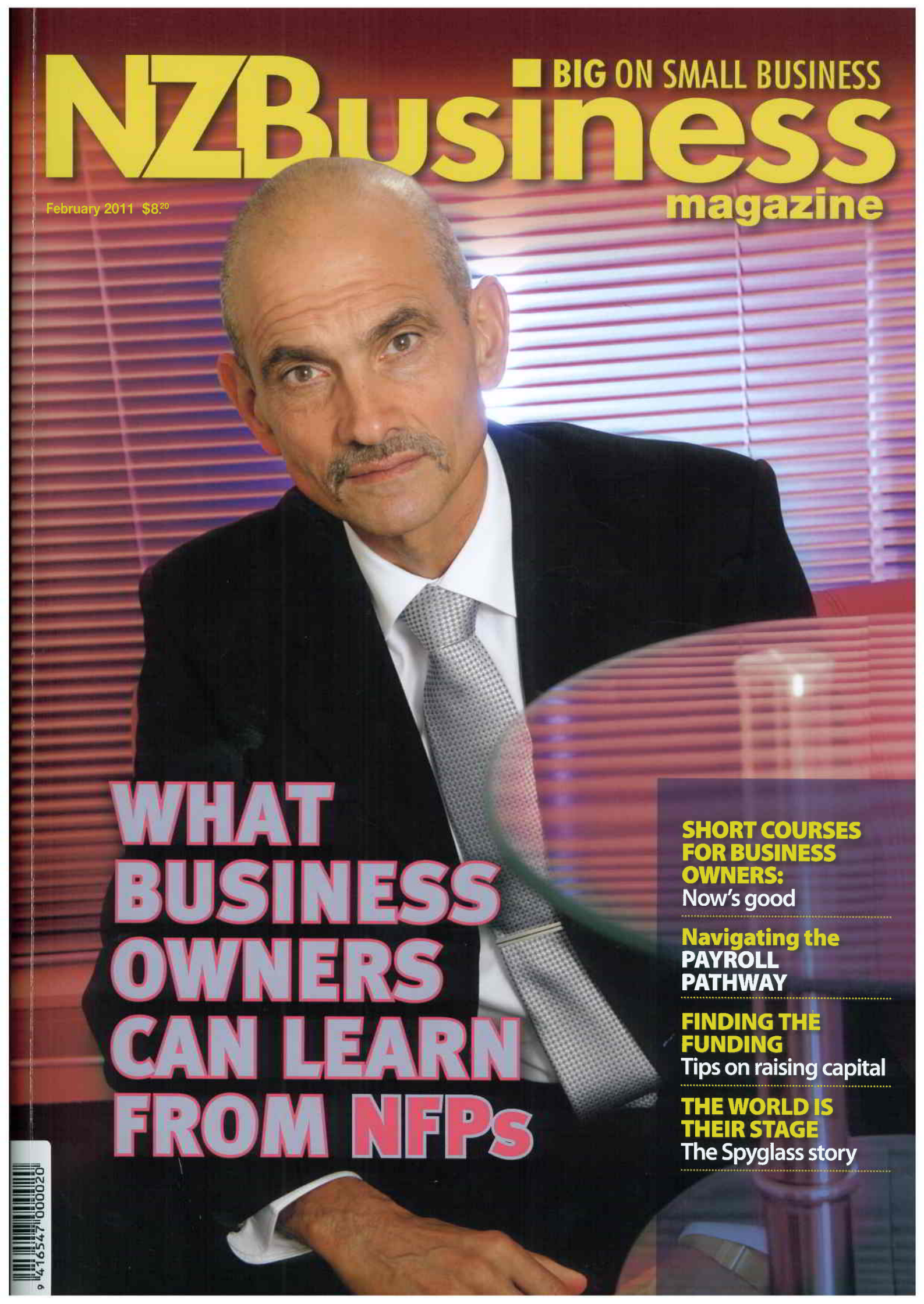


# NZBusiness

■ BIG ON SMALL BUSINESS

## magazine

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**WHAT  
BUSINESS  
OWNERS  
CAN LEARN  
FROM NFPs**

**SHORT COURSES  
FOR BUSINESS  
OWNERS:**  
Now's good

**Navigating the  
PAYROLL  
PATHWAY**

**FINDING THE  
FUNDING**  
Tips on raising capital

**THE WORLD IS  
THEIR STAGE**  
The Spyglass story





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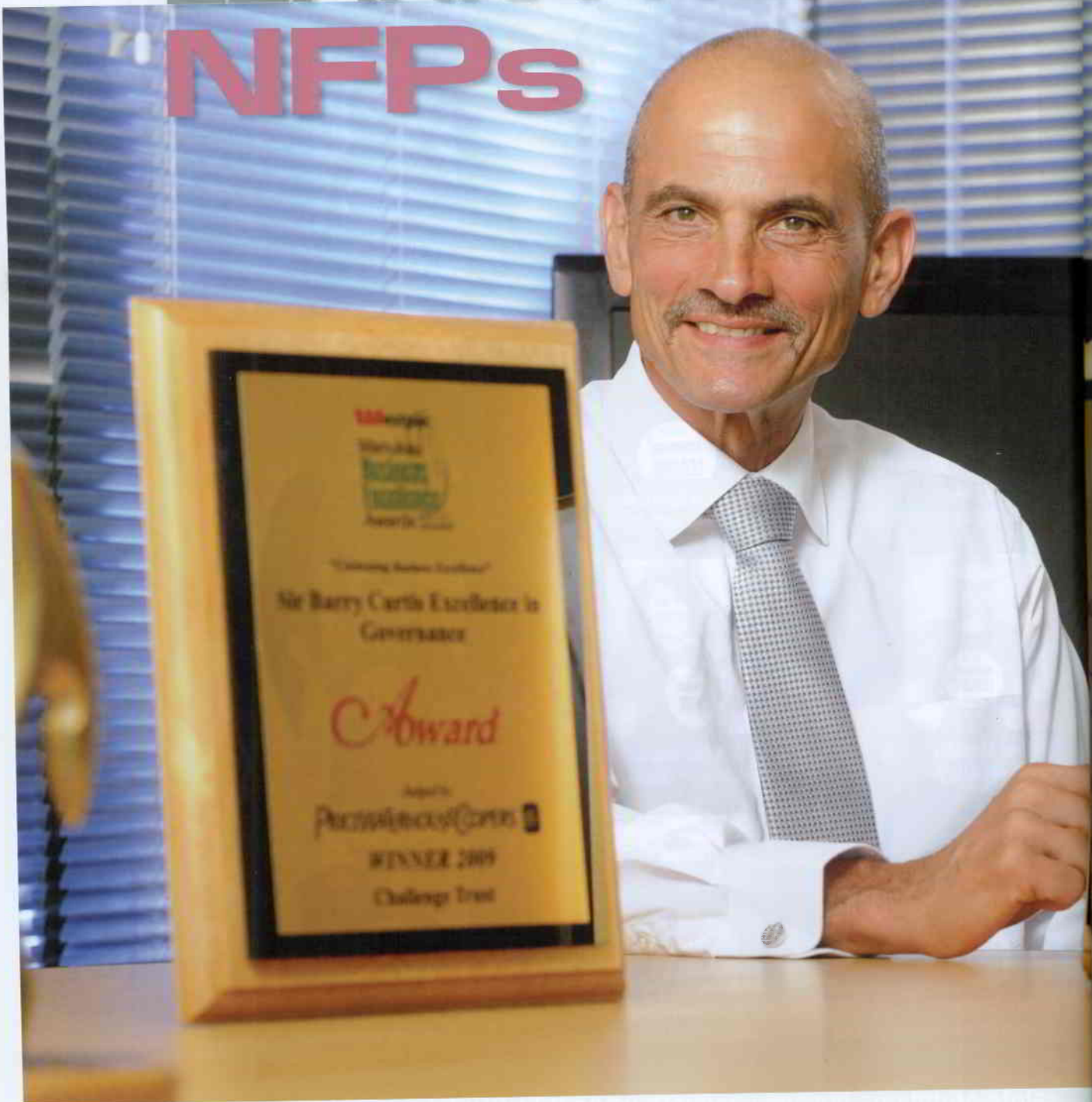
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# WHAT BUSINESS OWNERS CAN LEARN FROM

## NFPs



**The CEOs of New Zealand's not-for-profit organisations can certainly teach profit-driven owner managers a thing or two about successfully running a business. Ruth Le Pla spoke to these inspirational leaders and discovered that much of their advice could be applied to businesses today.**

**I'm** barely through the door, and Clive Plucknett and I are already deep in conversation about type 2 diabetes, obesity and what it means to care about your work. Care with a capital C, that is. No lip service allowed.

Plucknett is lean, wiry and engaging. Sitting in his cool south Auckland office on a hot afternoon, he leans forward when he speaks and chunks down logical arguments as he skips from widgets to water to welfare.

For the past four and a half years he's been CEO of Challenge Trust. The organisation's 280 staff aim to make a positive difference to the daily lives of people who may be affected by anything from physical or intellectual disability, to mental illness, addictions, dual disability or dual diagnosis.

From its 24 sites dotted throughout the North Island, at any one time the trust is helping over 1500 people with everything from 24-hour residential accommodation, to tapping in to community support, educational services, employment and life skills

**“THE MOST VALUABLE ASSET YOU HAVE IS SELF KNOWLEDGE. SO WORK OUT WHEN TO PULL IN SOMEONE ELSE. A LOT OF PEOPLE ARE SO BUSY BEING BUSY THAT THEY DON'T STEP BACK AND LOOK AROUND.”**

CLIVE PLUCKNETT.

training. As if that's not enough, the trust also helps out with advocacy, information, employment opportunities, family/whanau support and housing.

Plucknett has already been a senior exec in a social service NGO (non-governmental organization). He's run his own agri-tourism business and had worked his way up to become acting assistant commissioner, human resources in the New Zealand Police.

So he's used to spanning different worlds. Connecting the dots between what he does now in a not-for-profit organisation and the

## The give and the take

Try chatting with the Charities Commission for insights into how to add value to your dollar-driven business.

Peter Dixon, its national advisor for capability, brings some clear-cut commercial nous to a talk about the give and take of business.

He says more and more companies are now asking how they can talk with their customers about the value they create rather than settling for just making a buck.

"They want people to talk virally about the great things they do rather than just about the products or services they sell," he notes. "There's a lot to be said for the way not-for-profit organisations listen to the people or the cause that they serve."

Dixon suggests SMEs look for ways to care for the customer so they feel 'held'.

Partnering needn't be complicated, he says. He points to the Buy1Give1 website [[www.b1g1.com](http://www.b1g1.com)] – an online portal that enables small businesses to fill out their value proposition by linking their selling to giving.

"Its premise is, 'Buy one and I'll give something worthwhile'.

"They've created a channel to help businesses help others in the community. Companies can scroll through a list of options

to find a good match to their values or brand.

"Maybe, for example, you sell plasma TVs. You could link up with a partner and be able to say that for every TV you sell you'll give the gift of sight to someone in India. It adds intrinsic value to the customer experience."

In Dixon's view, the scale and longevity of some not-for-profits means they can offer value to all types of commercial businesses from the tiniest enterprise to the likes of New Zealand's largest Fonterra-scale giants.

Dixon notes that New Zealand's charities include organisations that turn over hundreds of millions of dollars a year.

"And a lot of New Zealand charities have been around for 25 years and are doing a great job. In business terms 25 years is a long time. People write that under their logo."



world of most SME owner/managers comes easily to him.

There's plenty of cross-over to explore. In Plucknett's opinion, not-for-profits can beat dollar-driven companies on one significant front. They've got passion for their cause: partly because they have to, but mostly because it works.

"If I sat here and said, 'We're going to make the very best widgets in the world', that's kind of stirring," he contends.

"But if I said, 'We're going to make people's lives different: we're going to make sure children have the very best opportunities: that they don't get these diseases', that's far more passion-invoking. That's our edge."

He agrees it's less easy to put passion behind making widgets but still advocates what he calls connecting to a higher purpose.

So how would a syringe manufacturer plug in to their passion?

"Well, rather than say, 'We need to make more syringes' they could say, 'On average, our syringes save 10 lives a week. That's 10 families who have not lost their loved ones. Do you want to be part of that?'"

When I push a glass of water across the table towards Plucknett and ask him to connect my passion to the glass [forget the water] he's stumped momentarily. He notes that passion doesn't have to be life-saving. It could be fun, aesthetic... or any other attribute. We're verging on the edge of creating advertising campaigns here.

"With our trust it's very overt," he says. "When this passion is not so overt it's up to the leader to make the connection for their people because people want to grasp hold of something. They want to have something meaningful in their lives. Then it's up to the leaders to keep that passion alive. You can't just make the connection and forget it."

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TERRY SHUBKIN



Challenge Trust filters its guiding passion in multiple ways: it nominates in-house champions, selects a 'star of the month' [someone who actually walks the talk] and blogs. I remember spotting sayings hanging on the foyer wall. "Be the change you want to see in the world," says one. It's from Mahatma Ghandi. Another one – provenance unknown – says it doesn't matter how deep you fall. 'What matters is how high you bounce back.'

"It's not just about identifying the link," says Plucknett, "it's about keeping it alive. Make everything you do focus on it."

The plus-points for not-for-profit organisations and dollar-driven SMEs cut both ways, though. Some aspects are much harder to manage in a not-for-profit environment than they are in most businesses. Take culture, for example: that waffly notion of 'the way things are done around here'.

Plucknett says a typical volunteer ethic prevailed when he first arrived at Challenge Trust.

"My senior managers were wearing shorts and singlets. People were rarely on time for a meeting and that was almost accepted. If someone was late, people would start the meeting again."

To be fair, such an approach is not unusual in the charity sector which must rely heavily on volunteers juggling their multiple commitments with little or no monetary reward.

One of Plucknett's early speeches at Challenge ran along the lines of: "Starting Monday morning everyone will wear a collar and tie, and when we say we'll do something we'll

deliver to time, to spec and to budget. Starting Monday morning everyone will be on time. These are non-negotiables."

It was a major turnaround for an organisation which had already survived for nearly 13 years before he stepped through the door.

"Most of the managers and I parted company in the first six months," says Plucknett. "It was a very stressful time."

Plucknett still reckons many parts of New Zealand's 'soft' not-for-profit sector could do with a good shake-up.

"There are some 95,000 NGOs here. For a country this size that's ridiculous. The wastage in terms of back office functions.....," he trails off. "You have organisations with three people and a CEO. How does that work?"

He knows passion is the fire that burns through the impossible. It drives, guides and fuels individuals to band together to meet goals and make a difference.

"But at some stage you also need business rigour, discipline, professionalism and all the other things that are expected in a world that works on dollars."

Ditto for SMEs, he says, which are often born out of passion and must then learn to overlay business rigours as they mature.

He describes a typical SME growth path: person starts company and grows it with passion; company starts to outgrow the person who tries desperately to hang on because they don't know anything else. The stress ripples through the organisation.

At such junctures, SME owner/

managers must honestly appraise their own strengths and weaknesses.

"The most valuable asset you have is self knowledge," says Plucknett. "So work out when to pull in someone else. A lot of people are so busy being busy that they don't step back and look around."

### Not for loss

My conversation with Plucknett is typical of many encounters for this article. When I talk with Terry Shubkin she fair bounces with enthusiasm for her role as the Young Enterprise Trust's chief executive.

Set up 27 years ago, the Young Enterprise Trust nurtures and encourages an enterprise and financially literate culture among young people.

Shubkin admits she recently had to apologise to someone who joined her group for Friday night drinks.

"I said, 'You have to understand I have a whole team of believers. I'm sorry if you felt preached to but I have people who come to work here because they truly believe in what we're doing'."

Having motivated staff is one of the benefits of being in a not-for-profit.

"The challenge", says Shubkin, "is making sure we step back from our passion and see it from someone else's perspective."



“...WHETHER YOU’RE SELLING WHITE SHIRTS OR THE IDEA OF QUITTING SMOKING YOU’VE GOT TO BE MORE INTERESTED IN OTHER PEOPLE THAN YOURSELF.”

PAULA SNOWDEN

“The way we market and communicate about what we do needs to reflect the other person’s viewpoint – not ours.”

The same lesson applies to SMEs, notes Shubkin. “Generally an SME is someone’s baby and they’re very passionate about what they do. It’s their business but they also need to recognise that the people they’re selling to don’t necessarily see it the same way as them.”

Shubkin says she’s fortunate to work with a team of people who, by the very nature of the trust’s reason for being, understand the need to be fiscally responsible.

“But in my experiences with other not-for-profits one of the biggest challenges is that people in this sector can lead with their hearts not their heads. I always have a joke that it’s not for profit but it doesn’t mean it’s for loss: there’s a big difference.

“People can be so passionate that they want to do everything and don’t bring fiscal responsibility into the picture. They think if it’s a good cause they should do everything regardless of the cost.

“Whether you’re in a not-for-profit, SME or a large corporation, when you look at your finances and service delivery you need to analyse what you’re trying to achieve and do a cost benefit. It’s about making choices sometimes.”

As chief executive, Shubkin sees her role as putting words around the organisation’s vision and then developing the people around her so

they can get on with the job.

“You can’t be a one-man band,” she says. “If you are, you’re either not going to be successful or you’ll work yourself into an early grave.”

The same applies to SMEs, she says. “If the owner or manager doesn’t bring the team along with them and ensure they step up, they’ll never have a long-term sustainable business.”

### Lessons on market connection

Paula Snowden, chief executive of The Quit Group, uses partnering with clients in their own communities as a key strategic play. Snowden is charged with helping New Zealand’s 600,000 smokers access the support they need to stop puffing and stay quit.

Speaking at a recent Microsoft Connecting Communities conference in Auckland, she draws parallels between The Quit Group’s role and someone itching to get out dating. Both are in the wooing business as they try to connect with their intended ‘other’.

And a helpful nod in the right direction from family, friends or workmates in the right environment can work wonders.

Snowden is fleshing out this idea with a new social media strategy that will leverage off other people’s online platforms to connect with young smokers and help them quit. Her rationale is that The Quit Group is not seen as cool in an online youth environment so why not link up with people who are?

She can’t yet release all the details of the scheme but says that instead of trying to establish a

presence on Facebook and Twitter – ‘which can be very resource-intensive’ – The Quit Group is paying a young entrepreneur to interact with, and source, clients on its behalf.

“We’re treating it as a purchase model,” she says. “Just like you’d pay for advertising on TV and wait for the phone to ring, we’ll be purchasing clients from this other environment. We’re paying them to incentivise their participants to come to us.

“People pay to take part – to play games, talk to each other, post videos and all the things that people like to do in that environment. There will be opportunities for them to quit with us. Then it’s just like a sale: everyone who clicks the quit button on that site, comes through to us and becomes our client, will get our support.”

As Snowden says, whether you’re selling white shirts or the idea of quitting smoking you’ve got to be more interested in other people than yourself.

“Otherwise they won’t hear you.”

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