



Coincidence or necessity: A study of innovation in Katikati, NZ

Executive Summary

PURPOSE: The two key purposes of this study were to:

1. Identify why there are a number of innovative, export-focused businesses located in Katikati.
2. Determine whether there are key success factors supporting innovation in Katikati that could be transferred to other small rural communities.

APPROACH: The study was approached as follows:

- Domestic and overseas literature was evaluated. Through this evaluation, key determinants of business success and statistics of higher than average concentrations of high-tech manufacturing firms in small rural towns were reviewed and confirmed.
- Key businesses were determined by the working group and interviews with the business owner or chief executive conducted.
- Key findings were identified and a series of recommendations developed for further discussion with the Katikati community and business support agencies.

FINDINGS: Key findings from the research are:

1. Katikati is an attractive lifestyle destination that is also conducive to business.
2. Proximity to key transport infrastructure such as Port of Tauranga and Auckland Airport, as well as being on courier and freight routes, means Katikati's location is no obstacle to operating a successful business.
3. Land prices (residential and industrial) were seen as more attractive compared to Auckland.
4. Community pride/spirit, small-town networks and business networking were perceived as valuable in stimulating innovation and encouraging success among Katikati businesses.
5. The vision, passion and experience of individual entrepreneurs are essential to business innovation and success.
6. Business capabilities such as strong internal/external relationships, a niche market focus, and flexibility are vital to enhancing innovation.
7. Local government restrictions, lack of funding, and the inability to recruit highly skilled labour were identified as common barriers to business growth in Katikati.



ANALYSIS: Overall, this research demonstrates:

1. Successful innovation in New Zealand is not restricted to the main centres.
2. Overseas research, indicating successful, high-tech manufacturing businesses are more sustainable and prevalent in small rural towns is applicable to Katikati. This suggests New Zealand's smaller centres may have the potential to make a much greater contribution to our high value manufactured exports than is currently recognised and this should be reflected in policy designed to support innovation.
3. Katikati has a geographical advantage which is conducive to doing business. Other towns may need to find ways of making up for this to sustain export businesses.
4. Business owners move to areas where they can live the lifestyle they desire whilst still being able to conduct business internationally. Thus, the lifestyle environment must be maintained to attract both entrepreneurs and the businesses they create.
5. Though individuals may initially move to an area for the lifestyle, a strong community culture (evident in Katikati) encourages the retention of both business and labour.
6. The prevalence of innovative, export-focused businesses in Katikati can be attributed to the quality/ideals of individual entrepreneurs as much as to locational factors.
7. Regardless of location, business networking is a good tool to expand knowledge and relationships, particularly offshore.

RECOMMENDATIONS: The following recommendations provide a basis for further discussion on how best to support business growth and innovation in small rural communities within New Zealand.

1. 'If it ain't broke, don't fix it' - initiatives need to be carefully considered and focussed on enhancing and supporting the factors behind businesses success.
2. Ensure small communities are well linked in to their larger, neighbouring cities, particularly regional and sub-regional economic strategies.
3. Establish a Katikati business advisory group made up of business leaders who can inform council and economic development agencies (EDAs) on local issues and opportunities.
4. Ensure awareness within small communities of business support services provided by agencies such as chambers of commerce, NZTE, and EDAs. This could include a road show of support agencies to Katikati and other small towns. Likewise, provide backing for regional support organisations to be more active/ have a physical presence in towns with concentrations of innovative business.
5. Create a strong business identity i.e. include Katikati in the Western Bay marketing strategy as an attractive business destination in the sub-region. Consider 'innovation' in the branding of Katikati.
6. Consider opportunities for further business collaboration, including co-location/sharing expertise and resources.