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# Mr Kevin Roberts

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# EDGE OF KNOWLEDGE

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AT KNOWLEDGE WAVE LEADERSHIP FORUM  
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I congratulate the convenors of Knowledge Wave for their vision in creating this conference. The 2001 meeting stimulated momentum at the right time.

It got people thinking and moving. Now it's your turn.

The ideas and inspiration you take back to your families, workplaces and communities, are what matters. You are New Zealand's tipping point.

Tonight I'm not going to focus on creativity alone. New Zealand **is** the most creative place on earth.

I've depended on New Zealanders to help make Saatchi & Saatchi the most creative organization in a US\$500 billion industry.

I'm going to say little about knowledge. Knowledge is a commodity, a table stake, just as information is.

I am going to focus on ideas, transformational ideas, because we live in the Age of the Idea.

My metaphor tonight is a word embedded in "knowledge", and that is "edge". Edge of the world. Edge of your seats. Edge of your dreams. Edge people don't, won't and can't, play by the rules.

Changes at the margin are more profound than what happens in the centre. Edge theory is biological. New stuff originates at the extremities, where the population is sparse and orthodoxy is weak.

We call it the New Zealand Edge, and we have a programme developing this advantage.

Tonight I want to share six ideas to make the New Zealand Edge a global competitive reality.

## **Idea #1: Know where we're going.**

Researcher Jill Caldwell has mapped the roller coaster ride of national self-esteem since 1992.

At the end of 2002 we were "contented, consolidated, confident, alert, grateful and reserved." The statement summing up the mood was "anything can happen."

The mental picture I have is of the meerkats in the Telecom ads we made in the 90s: poised, relaxed, but with little idea about what is about to happen or where we're going.

I work with two of the most impressive companies in the world, Toyota and Procter & Gamble. Both understand the power of paradox. Both are obsessed with daily sales – yet few companies have such a clear view of where they will be in 2010.

Does New Zealand?

This conference is about knowledge, so I went to acquire some and did a survey. My hypothesis is that to know where you're going, you need to know where you're starting from.

We asked 65 smart, professional, urbane people from Wellington and Auckland one question. What is the size of the New Zealand economy?

Only **one** person in this distinguished group had a clue.

The ability of most New Zealanders to articulate goals for the country, let alone a vision or heaven forbid a dream, needs to be stimulated.

The Chambers of Commerce have ideas for growing the economy. They're calling for a minimum of 4% growth in GDP per annum.

This would take us from our current \$110 billion a year to \$150 billion in 2010. Having a goal is the first step towards success, so everyone can push hard against it and try to beat it.

Money is not a panacea. When asked for his definition of happiness, philosopher Dan Dennett said "the secret is to find something bigger than yourself and then devote your life to it."

I believe the role of business is not to create wealth or to satisfy shareholders, but to make the world a better place for everyone - by creating self-esteem through jobs, choices, opportunities and challenges.

We need to move from the Capitalism of Exclusion – as currently practised in the developed world, to a Capitalism of Inclusion. This is the only way we can deal to poverty, depression and aggression.

Inclusion has a cost. Much of what matters to communities and families has to be paid for. Many things in the economy need greater funding, from education and preventative health to infrastructure and 100 other priorities.

If New Zealand was treated as a business we need to increase revenues, improve margins, manage costs, reduce drag and change our models.

We need help.

The media could be fantastic in assisting us to become economically literate and active. The media is a vital and powerful institution. It can generate momentum towards common goals. The New Zealand Herald has been instrumental in this conference and in 2001.

Wouldn't it be great if the gravitas inside the media were to step into the headlines. The front page is an exciting place – although you could be flirting with being in it having dinner with me!!

For six months we've surveyed the front pages of the New Zealand Herald and the Dominion Post to understand the role of the media in nation-building.

The highlights from 557 front page articles?

Sport topped the list with 97 articles, then politics and politicians, and then crime. Human interest stories such as "My life in hell", and "Gran's deadly mint sauce" wrapped up 42 items. Accidents hit 23. Animals scored 13, and the economy a mere eight articles! And we talk about growth being a priority!

Last Friday when armies are mobilizing in the northern hemisphere, when NYC is under threat from cyanide attacks, the Herald led with "Dog Bite Kills Woman."

I'd like to see the key media editors meet together and create an index of societal wellbeing. Inflation to imprisonment. Every six months they publish the index and take the best advice on improvement.

Everyday I'd like to see a useful story on the front page about the economy, growth and value creation.

The media have the ability and the influence to create the information architecture for the economic literacy of New Zealand.

The media should be a partner, an instigator, an inspirer for the nation's vision.

## **Idea # 2: Market New Zealand.**

John Sculley was asked last week "where to for New Zealand?" He said the elements are in place for a successful, creative and innovative economy.

What the country needs is a proposition, a profile, and a marketing campaign.

Good old John. You can take John out of Pepsi but you can't take Pepsi out of John. And he's right.

The Herald's conference summary of what international investors say about New Zealand was that "the country's biggest failing is that it doesn't sell itself internationally. What is missing is not talent but an overall marketing theme."

Check the academic journals for articles about "the rise of the brand state – the post-modern politics of image and reputation."

Let's not be suspicious about the need to do this. Promotion, advertising, viral marketing and public relations are all legitimate tools to build international advantage.

We need to create a compelling story.

We had a New Zealand ambassador ask for help to enliven our story in a large northern hemisphere nation. "We're still stuck in sheep and scenery," the ambassador said. "We still perceive ourselves to be small and isolated." We need a dream.

I spend everyday working internationally on building markets, growing revenue, creating Lovemarks – so I'm confident in what I say.

As a country we spend 0.1% of GDP on advertising New Zealand internationally, mostly in a "come visit" context. This is a ridiculously low sum if we're serious about growth. We're spending more money to build the new Northland prison.

My plea to Government is to launch broad scale marketing of this country's capabilities and appeal.

Let's move on from "foreign affairs." Through 100% Pure the world knows we have a beautiful body. It's time the world knew about our beautiful mind.

I'm hoping serious action will come from the proposed merger of Trade New Zealand and Industry New Zealand.

Be quick, and be right, because as Edward de Bono says "There's no point in being brilliant at the wrong thing."

For my money, I'd be happy with 110% Edge!

### **Idea #3: Find the Missing Million.**

We figured out five years ago that the New Zealand population is five million. Where's the missing million? They live overseas, offshore, off-island, over there, not over here.

Our diaspora is the same size as Australia's. Per capita, we have about the largest off-shore population on the planet.

We have a larger overseas population than Japan, which has a population of 127 million.

These figures accentuate the haemorrhage of our talent, and our lack of connection to them.

30% of teachers who graduated in 1999 had left by 2001, many recruited overseas.

4700 health professionals have left New Zealand since 1996.

Two challenges arise. First, is to persuade our talent to commit to being here and making a difference. An artist wrote to me and said “It’s great to see Aotearoa blazing. It’s great, unique and powerful, it is my home of choice.”

The second challenge is to turn our overseas population into a productive, integrated, networked and loved part of the New Zealand life. This is a huge opportunity and should be a major priority.

A bunch of people including me and my New Zealand Edge partner Brian Sweeney, and Stephen Tindall, David Teece and George Barker of the KEA network, have started the wave.

We’ve put energy and funds into starting this new country, this five million strong body of people, and stimulating the flow of creative and financial capital.

Our work at New Zealand Edge is based on a compelling metaphor, story-telling and emotional connections.

Our virtual country is a website, [nzedge.com](http://nzedge.com). 1.5 million downloads so far and getting stronger every month thanks to the power of the web.

We need partners who share the dream of New Zealand building itself out into the world, creating channels and making connections. We want to create an export culture.

A paltry 153 companies account for 79% of our foreign exchange earnings. We want kids leaving school saying “I’m going into export.”

If these ideas are to grow big-time, we need involvement from individuals, companies and government. If you want social investment and a new way of nation-building, please talk to us.

#### **Idea #4: Unlevel the Playing Field:**

New Zealand spent years getting itself to a politico-economic par only to find an even score is a handicap. We spent years trying to level the playing field.

Now it’s time to tilt it in our favour, to step beyond the mode of incrementalism pervasive in Treasury and Government, and bed down some home town advantage.

So where to unlevel the playing field?

We must be radical with our tax model. Taxation of \$43 billion is the biggest element of the economy.

Taxation is our biggest extractive industry and it is driven from a cost perspective, not a value-building one. It is managed defensively, not offensively.

I've never been part of a successful business that has "cautious experimentation", to quote a Treasury paper, as part of its vocabulary.

The challenge is to manage the paradox between command and control, and unleash and inspire.

Official thinking about tax reform is riddled with conservatism. I'm not prescriptive about company or personal tax rates and R&D incentives.

I'd love to see effort to find the sweet spots as to how tax is levied and how it is spent to create the edge. We need to find the erogenous zones that lead to growth.

When Theresa Gattung wanted to bust open the tolls market, she invented the \$5 Call. We need thinking like this right now.

Small and medium sized companies in New Zealand provide big opportunity. Many firms are capable of double and even triple digit annual growth. They can be fast and flexible, innovative and export-focussed.

Women and Maori show they are especially good entrepreneurs. We must encourage ten million dollar companies to grow to hundred million dollar ones.

Corporates need to go to work. Joseph Healy of ANZ Investment Bank has charted an aggregate EVA loss of NZSE40 companies of \$21 billion between 1991 and 2001.

He calls for corporate governance to move beyond compliance to performance. This is the challenge for corporate boards, executives, all of our business schools and the new stock exchange.

We need a hundred ideas. I can imagine a huge social and venture capital fund sourced from our overseas population – those who aren't paying back student loans - as a way of putting back.

We need to learn Chinese! You may think I'm crazy but China has 20% of the world's population. Personal incomes have quadrupled over the last forty years. They have 80 million stock investors. Soon China will have 300 million internet users.

Saatchi & Saatchi is the biggest advertising agency in China and next month I've been invited to speak in the Great Hall in Beijing. China is a big opportunity for New Zealand, as those in the education market know.

My challenge to this conference is to think up 98 more crazy ideas...quickly!

## **Idea #5: Close the Gaps.**

This is the only political slogan I remember from the last decade and it appealed to my sense of social justice, having grown up in the working class north of England.

Electoral focus groups rang alarm bells and the slogan was swept under the carpet. Wrong. The issue is alive and well.

The Maori/other New Zealander ratios are disturbing not only for the realities they present but because they seem to systemically exclude one of the most creative and innovative sectors of New Zealand population.

Maori New Zealand unemployment is 12% as compared to all other New Zealanders at 3%. Over 50% of the overall prison population is Maori.

A Maori woman is ten times more likely than any other New Zealand female to be in jail, and a Maori male over seven times more likely to be in those same institutions.

I'm distressed at a gut level. I sense an Abilene paradox – that situation where we know something is wrong, but where we lack sufficient social process and openness – korero – which allows a profound mistake to keep on occurring.

People are our most valuable resource in Aotearoa, and somehow we've turned a gifted and resourceful portion of our population into an alienated, marginalized and imprisoned group.

Rewi Alley founded the Chinese Work Co-operative movement known as Gung Ho, or "work together." This is our challenge in closing the gap between Maori and Pakeha New Zealand.

There is inspiration. The strengths of Maori are evident in law, in business, on the land, in tourism, sport, in our universities, in arts, entertainment and broadcasting, in design and IT.

The Maori economy is defined and visible.

I welcome the new Maori Television Service and when you issue your advertising rate card, Saatchi & Saatchi wants to purchase the first spot.

Egalitarianism is a Pakeha myth. It cares for neither the top nor the bottom of our society. It is a reason not to succeed.

I do not believe we can have a "creative class" in New Zealand when the deprivations among our indigenous people are glaringly obvious.

This is unequal, expensive and explosive.

Ways forward for all the New Zealanders who feature in the publication “Degrees of Economic Deprivation in New Zealand” include:

- further resources going to the agencies who protect children and women;
- creating regional employment, especially for Maori men;
- affirmative programmes to empower young people into the digital-economy;
- preventative health programmes;
- adult literacy courses;
- prison education programmes;
- micro-loans for necessity entrepreneurs;
- positive parenting programmes;
- mentoring schemes.

### **Idea #6: Bring the future into the present.**

I spend time in schools and universities, coaching and inspiring.

Today I met graduates of the Turn Your Life Around Trust in West Auckland, which I fundraise for.

Today I was the one being inspired. These are young talented people navigating their way through difficult, if not impossible, family situations.

I want to leave the emergent leaders here tonight with four personal beliefs:

1: “Nothing is impossible.” This mantra has fuelled Saatchi & Saatchi for 28 years.

2: Make the small decisions with your head; the big ones with your heart. Your heart is the compass that points to your happiness.

Take responsibility for your own happiness. It’s too valuable to surrender to someone else.

3: Pursue failure. It’s the only way to achieve meaningful success. I’ve crashed and burnt. A genius is a person who makes the same mistake. Once. You won’t know your limits till you’ve hit them. And don’t look back. If you obsess over mistakes, you’ll keep making them.

And 4: Step up to being an Inspirational Player. Inspirational players focus on being the best you can be. Magic happens from here.

Seek inspiration from those around you. Inspiration is a powerful cycle. Inspiration is contagious. It takes courage to accept the challenge of inspiring others.

It takes courage to dream.