



Putting a face to the challenges of small, rural businesses in New Zealand

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PUTTING A FACE TO THE CHALLENGES OF SMALL RURAL BUSINESSES IN NEW ZEALAND

*"Be thankful for each new challenge,
because it will build your strength
and character"* – Author unknown



**KELLOGG RURAL LEADERSHIP PROGRAMME RESEARCH PROJECT
NOVEMBER 2017, KATE TAYLOR**

1. Executive summary

The school bus pulls away from the farm driveway and the already-exhausted mother sinks into a chair at the kitchen table to drink her now-cold coffee. The pet lambs have been fed, school lunches made, lost uniform items recovered, homework sorted and kids packed off to school. There's washing to hang out, beds to make, housework to do... and she's expected at the yards at 10 o'clock to help with the drafting. Somewhere in there, she has to do some work for her business too.

Down the road, someone else is cursing at their screen because the computer won't load the latest orders from their company website because the internet speeds are too low and they can't do it via mobile because their farm has no cell phone reception. Another rural business struggling to do business.

The purpose of this project was to give a more personal view of the challenges facing small rural business owners from their own experiences and perceptions. I wanted to create a greater understanding of those challenges and how those business owners felt about them.

I defined small as self-employed people with fewer than five staff (mostly working alone) and rural as being in a rural area or rural service town (and not farming). I surveyed 24 small, rural business owners under five sections – governance, operation, technology, communication and personal. After collating and analysing the results, I identified specific challenges to investigate further.

Rural areas do have their challenges, but they also have many opportunities and resources for small business development.

Rural people running non-farming businesses or urban people moving to the country to run businesses for a variety of reasons, are doing their best to overcome these challenges to create successful rural businesses. Challenges such as work-life balance and distractions, human resources, rural connectivity and general lack of business know-how.

In some cases, they are issues facing people with small businesses all over the world. But in rural New Zealand, it's not always easy to solve them in isolation.

Comments about rules and regulations mainly came from those businesses in food production and health and safety – they have no choice but to deal with legislation being governed by their respective government departments.

For human resources, it wasn't necessarily the lack of people to employ but the added responsibility of being an employer.

Rural connectivity was about the lack of internet coverage and cell phone coverage, not knowing the best or most appropriate software to use within their businesses and the lack of postal services. There is a great example of a community fighting to fix its internet woes and one of my survey respondents is part of that community.

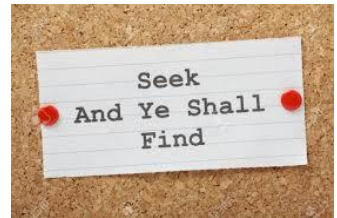
Work-life balance evoked a range of emotions, especially when the family home was the place of business or the business seemed to play second-fiddle to the farm. Distractions fell into the same category, especially when the 'distractions' were children, farm work or house work.

I discovered the best things business owners can do is get help, ask for advice and improve their own knowledge. To quote one of the HR websites I visited: “Getting it right is so important and so cost effective. Getting it wrong is very costly.”

Knowledge is power. It doesn’t necessarily have to be your own knowledge – that’s where networking, mentors and coaches can be useful.

But I would implore small, rural business owners to take the time to try to improve their knowledge – it will help them and help their business. But on the flip side, don’t be scared to pay the experts in areas of great difficulty or implications.

They need to do their homework early, involve an accountant or similar consultant early in the creation of their business, spend time researching to-do lists and business plans.



This project includes three case studies of women who started their businesses with young families in tow.

Angela Payne’s children are grown now and Agri-Lab has been in operation since 1998, but she has a world of wisdom for someone starting out – including the need for support and her “goddess principle”. Look after yourself first.

Gretchen King and AgRecord are coping with growth – in the business and in their family. She brought forward the interview with me because of the impending early arrival of baby #2. In the middle of one conversation later, she laughed wryly, and said “Babies, toddlers and business... tell them not to do it Kate.”

The enthusiasm from Michelle Burden with her Fantail’s Nest was infectious. She smiles when she talks about what she does and all the future holds for her business and her family. That’s why we do it.

Running a small, rural business has its challenges.

But they’re worth it.

This a personal project – I know many of the people I have interviewed and surveyed and I have made personal comments in the Findings & Discussions that relate to my own small, rural business.

Rural areas present many opportunities but business people in those areas face challenges they must learn to navigate (Siemens 2010).

When urban people think rural, they often simply think farms. They think sheep and cattle, pasture and fertiliser, tractors and motorbikes. They drive through farmland to get to the beach. They drive through farmland to get from one city to another. But often the communities and the livelihoods that make rural New Zealand are not in their sights.

Rural people know how special rural New Zealand is, that’s why we fight so hard to stay out here running businesses alongside our farms or within our homes.

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3. Project purpose

The purpose of this research project is to give a more personal view of the challenges facing small rural business owners from their own experiences and perceptions and hence, give a greater understanding of those challenges.

The aim was to create an encouraging document people with new or existing small, rural businesses could read and learn from – showing them they're not alone in the challenges they face and that in most cases, there are ways to improve or remove the issues standing in their way.

4. Acknowledgements

I know there are a myriad of challenges facing small, rural businesses because I have one.

I have been self-employed for 17 years. I became a freelance journalist when my first child was born in 2000. I have had several stints at other part-time employment along the way but essentially my goal is to be self-employed (although I am also fortunate not be the main bread winner in my family).

The connections, reputation and inspiration Kellogg has given me are invaluable.

Thank you to those who made this experience possible for me, including but not limited to:

- The business people who took part in my survey;
- Angela, Gretchen and Michelle for being my case studies;
- My husband Thomas for his continued support and leaving me to get on with it;
- Patrick Aldwell from Lincoln University and my proof readers Allister and Rachel;
- My friend Ant for coaching me through my 'What Next' questions;
- NZ Farmer editor Jon Morgan for his enthusiasm for my journey;
- And my fellow Kellogg scholars – especially those tweeters who made me smile (or crave chocolate) in the middle of report writing – you rock! I look forward to working with you in the future.

A special thank you also to Hawke's Bay Federated Farmers for its contribution to my Kellogg costs.

Title page photo credit: KATE TAYLOR/STUFF.

In order to complete this project, I had to ask for help from numerous sources while also being encouraged to believe in my own knowledge and abilities. This is no different to all the business people around the country facing many different challenges.

Ask for help and believe in yourself.

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5. Methodology

This project is intentionally qualitative and intended as a “pulse check” rather than a detailed statistical analysis.

This study aimed to gain an understanding of the challenges facing small rural business owners from their own experiences and perceptions rather than providing counts or measures. Qualitative research allowed me to explore and understand these businesses.

For the purposes of this project, I have defined small as self-employed people with fewer than five staff (mostly working alone) and rural as being in a rural area or rural service town (and not farming). This is further explored in the Literature Review.

I collected information/data from four sources – a literature review, an on-line survey of rural business owners, three case studies and three local accountants.

5.1 Literature review

This was done throughout the timeframe of the project. I initially searched for keywords tying together rural and business and challenges, but felt my reading and researching as I discovered different aspects of my project were more valuable than anything I found at the start.

5.2 Online survey

After the initial literature review and several weeks of brainstorming and talking with business people, friends and professional colleagues, many of the common challenges faced by businesses were analysed into five sub-segments or sectors. These led to the main answer segment of the survey.

They were:

- Governance
- Operation
- Technology
- Communication
- Personal

The survey was sent to 28 small rural business owners in rural New Zealand – 24 took part.

Many of these were people I had seen/read about through articles or their comments on the Farming Mums NZ Facebook page or its members-only classified page. Some were personal or professional contacts of my own. They included a wide range of professions from graphic design, marketing and PR through to cake making, sewing and tourism. Some had grown up on farms or in rural areas and knew the challenges already, while others were only rural because they had married into a farming family.

I did not restrict the survey to women but I only knew of two men working in small, rural businesses so as a result, the survey was farming-mum heavy. But I knew the two men would provide an insight into the challenges facing this demographic. Although it is not backed by research or statistic, I believe the balance of women to men in my survey would likely reflect the actual situation.

The survey, which can be found as Appendix I, was done through on-line engine Survey Monkey.

It started with some generic questions about the age, stage and size of their business, asked about where/who they had gone to for advice in setting up their businesses and also who they continued to use in the ongoing operation of their business. The respondent was then drawn into the questions about the five sub-segments, as mentioned above.

5.3 Case studies

Three case study interviews were done to get a more personal and detailed view of the challenges facing small rural businesses. An hour long face-to-face interview was done with each person.

One has been operating for many years and has a turnover of more than a million dollars but started as a small part-time job. Another has been going for five years and is experiencing teething issues in terms of growth and human resources and another is a blossoming new business in its second year. I have not recorded the questions to these interviews because they were conducted in an informal and conversational manner.

The questions ranged from how and why they started their business, what caused them issues at the start and how they dealt with them, who has guided them along the way (and how) and looking back, what words of wisdom would they tell a new business owner? What would they tell themselves to do if they could turn back time?

5.4 Accountants

In light of the survey results, highlighting how many people used their accountant for advice, I also asked three rural accountants from different firms in Hawke's Bay a set of three questions about the value of using an accountant early in the business journey, free services or advice available to new businesses and the downfalls for new businesses.

The questions were:

- Most of the people I surveyed listed their accountant as the most valuable person they deal with on an ongoing basis. A smaller number used an accountant from day one. How valuable is it for people to use the skills and experience of an accountant earlier in the journey?
- What free services/advice is available from your firm for people when they are starting their business start-up journeys?
- Thinking about clients you may have dealt with in the past, what is the biggest downfall for a new business?

5.5 Other

As the literature review evolved I obtained further information from IRD, the Ministry of Business, Innovation and Employment (www.business.govt.nz), Business Hawke's Bay, Hawke's Bay Chamber of Commerce and a group of Hawke's Bay rural accountants (previously known to me). I read books and magazine articles, watched Ted Talks and podcasts brought to my attention via networks such as LinkedIn. Many of my insights came from previous Kellogg Rural Leadership Programme and Nuffield NZ projects and a handful of overseas study papers.

5.6 Findings and discussions

Because I am a writer, I enjoy telling people's stories. Both the quotes from the sector questions in the survey and the three individual case studies allowed me to personalise different challenges and how they impact people's lives, not just their businesses.

After using the five key sectors in the survey, I used a version of thematic analysis, by copying the answers into a document and moving them around so similar answers were grouped together, to develop a list of specific challenges for the Findings & Discussion section of the project.

- Rules and Regulations
- Human Resources
- Rural Connectivity
- Work-life Balance
- Distractions
- Knowledge
- Networking and mentors
- Personal growth

6. Literature review

The initial literature review was conducted using both the Lincoln University database and Google Scholar using keyword searches.

Valuable ideas and resources (as well as a phone conversation) came from Mike Mackay, lecturer in Rural Sociology in the Faculty of Environment, Society and Design at Lincoln University.

Early in the literature review I discovered it was hard to quantify or describe the target group I'm looking at – small rural (non-farming) businesses.

There are statistics for urban/rural and defining differences between the two, see figure 1. There are business statistics that cover rural business as including farming. But according to several phone conversations with Statistics NZ, it can't delve too deeply into smaller numbers in smaller (rural) areas because it would risk identifying those statistics as people as opposed to numbers. I could not see way of separating rural 'other' from rural 'farming'.

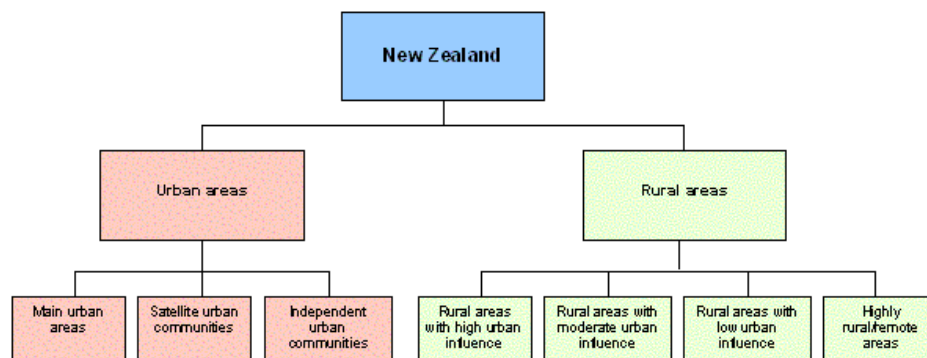


Figure 1: Statistics NZ – Urban Rural Profile

The Statistics NZ website (under New Zealand: An Urban/Rural Profile Update) says there is no internationally-recognised definition of a 'rural' area. Rural areas have traditionally been residual areas not included in the urban definition. It says the 1983 Rural Profile identified differences present between rural areas of New Zealand but could not define them, arguing:

"Although it may have been tenable in the past to regard the rural population as homogeneous, recent trends in migration have changed the character of this group. Included under the rural umbrella today are a diversity of groups – farmers and farm workers, forestry workers, 'alternative lifestyles' and craftspeople, among others ... it would be useful to divide the rural population into groups which reflect this diversity." (Statistics NZ – Urban Rural Profile, 1983.)

Many small rural businesses are embedded in family farm structures – this process is significantly underexplored in the recent context of the New Zealand experience (Mackay and Nelson 2016).

"Our research attempts to open up a new conceptual space for thinking about the subject."

I agree with Mackay, who says this is a "seriously under-researched" sector of rural New Zealand. He says many see rural businesses as industrial farming but it's so much more. He was quoted in an article (*Metro Online*, 2015) written as part of a NZ-of-the-future series by North and South, Metro and The Listener in partnership with Lincoln University.

"Diversification is key. We need to be thinking about multifunctional rural spaces, with more than one purpose; tourism, commercial recreational, residential lifestyle blocks. Communities need to work out for themselves what their aspirations are, and, if they want economic growth, they need to be thinking around all the different opportunities. So tourism is at one end, farming at the other, but in between are all sorts of small businesses that could be encouraged to move into the regions." (Metro Online, 2015.)

The next three chapters present the results of the surveys and details of the case studies. These are then reviewed in a discussion chapter.

7. Business Survey

This chapter reviews the answers from the online survey. It explains the general questions and answers from the start of the survey through to an advisors' section and the main challenges within the five sectors of governance, operation, technology, communication and personal.

7.1 Results – General

All but one of the 24 people surveyed have fewer than five people in their business.

Most respondents had home or shared office space. About a third had a designated office space in their home while 20% had their desk space wherever they could find room in their home. One was mobile between home, office and cafe-type situations.

- 17/24 respondents lived/worked in a rural area. The remainder were evenly divided between a small rural town/village and a provincial town (as described in the survey questions. Under the Statistics NZ definition of rural, all but one respondent lived in a rural area (they had a rural business but lived in a provincial city.)
- 17/24 respondents' businesses co-existed with a farm
- The survey showed 15/24 respondents supplied a professional service, five were product based, four were both
- The survey showed 14/24 respondents have been operating for between one and five years (six for longer)
- 11/24 started their business because they loved the product or service. I had asked the respondents to choose the most important reason they started their business but many ticked other and chose all of the above – loved the product or service, contact with others, something to do and financial. Some reasons were personal.

*"I moved from the city to live with my husband on the farm, didn't want to give up my career so started my own business."
"...to create freedom and choices."*

- Respondents were asked to scale the success rate of their business, based on the reason they started it – the average response (zero being a failed business and 100 being total success of goals) was 84% success. Most answers ranged from 70-100% but there were two lower answers of 40% and 61%.

The last question signalled the right to stay anonymous or for their name and business to be quoted with their answers in the project – 13/24 said they didn't mind being named in the report. I have quoted directly from some of these people in the Findings & Discussion section of this report.

7.2 Results – Advisors

Survey respondents could give more than one answer to questions 9 and 10 relating to the services they used when they first started their businesses and still use in 2017. The most popular choices were accountants, family and friends.

- 14/24 respondents used their accountant at the start of their business (75% still do).
- 18/24 respondents used advice from friends at the start of their business (58% still do).
- 13/24 respondents used advice from a family member at the start of their business (50% still do).

Being advised by a consultant in their particular field or industry remained constant at nine respondents. Eight people used a mentor and five people used a personal coach at the start of their business compared with five and six, respectively, now. Two of the lowest were IRD, five used its services at the start of their business and only one continued to, and the respondent's applicable government department although this doubled from two to four.

One person gets good support from a cousin, who had started her own business previously, built it up successfully and sold it when she had children. *"I had a lot of respect for her and what she had achieved and she gave me some excellent advice around setting up the proper systems from the beginning e.g. setting aside money for tax etc."*

Another said she couldn't have done it without her husband. *"He has been my biggest backer and my biggest help. He is the ear I need to listen to my problems and successes. He is my biggest critic but also my biggest advocate."*

One respondent said friends were good sounding boards, supportive and offered great advice on how to market her products. Another said friends and family were the most important.

"Without their support I could not do what I am doing anything from babysitting to helping me with making stock."

7.3 Results – The Five Sectors

This section highlights the statistics from the survey under the five sector banners – Governance, Operation, Technology, Communication and Personal – as well as some of the interesting responses that did not necessarily fit into the themes listed under Findings & Discussion. Some areas, such as human resources, were touched on in more than one sector.

7.3.1 Governance

The survey respondents were asked to tick all the boxes where they had struck challenges in their business and comment on the most important or challenging issue. The biggest governance issues for the survey respondents were accounting (63%), financial (50%) and Tax/GST/IRD, legislation/regulations and human resources 40.9% and health and safety 32%.

One business owner ticked every option on the governance section. She loved doing the work portion of her business, the bit where she made money, but lacked confidence in all areas of running her business.

“The main thing though was trying to understand my tax obligations.”

Another owner said she didn’t really find any of those areas a challenge at all.

“They are more areas that we have to understand and grow into - as it is early days for us. The information for all the above areas is available to us - we just have to go and find it - which we have done / are doing.”

In terms of financial issues, one rural accommodation provider said their set up cost was significantly more than they had budgeted (in order to provide the level of experience they wanted to). It also took more time than planned, which was stressful as they had pending bookings prior to completion.

General quotes from respondents:

“We had a guesstimate of possible income but no guarantee that it would be a success, especially in our remote location well off the tourist track. As with all property there are also ongoing maintenance issues and wear and tear.”

“Finding the relevant skills to carry the business forward with limited financial resource.”

“Getting my pricing just right as I am trying to be very affordable and I still need to make some income. Finding that balance.”

“Cashflow has been the biggest challenge. We have had plenty of work from early on but the cashflow is very lumpy. Was easier when just me, but pressure increases measurably with staff who need regular income.”

7.3.2 Operation

The main feedback on this section included comments about the need for systems to run the business so no processes get lost. Several lamented the lack of general business knowledge – 41% said it was a challenge to their business. Storage had the biggest response at 50% (filing was third at 36%) but only one of the respondents commented on them as a main issue. They said as their business grew, they needed to improve the way they dealt with the filing of data and client information.

Accounting and invoicing was a challenge for 32% of respondents.

One business owner had started out without developing a business plan and doing a forecast budget. But they said invoicing was one of their biggest challenges.

“I feel guilty charging for my service and hence delay sending invoice and possibly under charging.”

Other comments were:

“Getting enough product sold to make it a viable business, but not taking on more customers than I'm ready for.”

“My business contributes approximately 25% of our household income. I work approx. 15 hours per week as I have young children. I don't feel my office space has equal footing compared to the farm.”

“A large frustration of ours is that there is no system that automatically invoices our clients on dates that we choose. So therefore it all has to be done manually. This of course takes up more time than what we had planned.”

7.3.3 Technology

Sixty one per cent of survey respondents found internet speeds and cell phone coverage to be a challenge to their business. Almost 35% struggled with software, 35% with computers/phones, 26% with contacts and database and 26% with market research.

In a range of ways, technology was one of the top issues highlighted in the survey. This has been narrowed down two themes, IT/software and IT/connectivity, and will be explained more in the Findings & Discussion section.

In hindsight, so many of these issues tie in with each other – you can't have some without others and people's perceptions of internet speeds and coverage can vary according to what they have been exposed to in the past (you don't miss what you've never had... or alternatively, you know it's bad because you know what town broadband is like.)

7.3.4 Communication

Not having work lunches and work mates to "chew the fat" to quote one respondent was a challenge for 40% of the survey respondents.

Two respondents commented specifically on marketing challenges.

"I have a great product, but now need to get it out to more people. Knowing where to start with this process is the biggest hurdle. (It's difficult) to find time to carry out market research while still operating the business, running the farm and meeting family needs."

"Marketing a unique offering in a way that's meaningful and relevant when it's largely based on people - the best way to sell is to have referrals but when building that's hard."

Understanding how to harness social media for your business when you don't use it as an individual was a challenge for one respondent.

Another said they needed to improve their wider communication so they didn't become too inwardly focused.

"Onsite inspections are great for keeping in touch with the frontline staff, but I'm aware of the need to not become too insular with my thinking so am starting to struggle with not having 'real-world' issue recognition, e.g. conversations/background noise/local information/real-world issues and how they relate to overall performance."

7.3.5 Personal

Three quarters of the survey respondents found distractions a challenge in their business.

The lack of confidence was a challenge for 62.5%, work-life balance 58% and child care issues 50%.

Overall, these issues revolve around having a business that is (usually) part time and closely intertwined with family and farms.

One respondent said time was a real juggling act.

"Working from home means that clients expect you to be available 24/7... You never seem to NOT be at work, even when you also have children and a farm. It's very hard to separate work from personal."

"I'm three years into the journey so I'm confident in my own knowledge, confidence is growing about my specialised field and I can see myself being able to add one or two more industries to the list. Because I enjoy what I do, I work with my boss and enjoy the industry we are in, and am in my last year of study it has taken real effort to shut off work and study from the rest of my lifestyle responsibilities."

"Where do I start, I need to self-promote but lack the confidence to do so. I procrastinate or find another task that then takes me away from the job."

"Main one is confidence - especially with business partners and staff who I don't want to let down. Probably can only come from experience - one can hope!!!"

8. Case Studies

8.1 Michelle Burden – Fantail’s Nest

The concept of Fantail’s Nest NZ started four years ago when Michelle Burden was living on dairy farm near Taupo. Michelle and husband Jethro Meredith had just had their first daughter, Molly.



FANTAIL’S NEST NZ
Made in New Zealand

“I was literally walking down the tracker track going to the shed and her blankets kept falling off and getting covered in cow shit. It was driving me insane.

“I’ve always had an artistic and sewing background so I thought, ‘I’m in Mum mode’, so I sewed my first what-is-now-called our universal pram sack just for Molly. Every time I went into town I was getting people saying they loved it and wanted to know where I got it from. Not just one but sometimes 10 people.”

Michelle went from simply saying she made it to building the confidence to start making them for other people.

“I couldn’t have done that without family support,” she says. “I’m not a trained sewer but I like inventing and making things. Believing in myself was the first step to making something happen.”

The emotions ran deeper than that.

“When I became a mum I had a big loss of identity. I really struggled with that. I lived on a farm because that’s where my husband’s job was and I couldn’t do my degree in what I was trained in (a paramedic) and then I had a child as well. My life became so kiltered. So that’s when I thought I might make something of the pram sack idea. I sold my wedding dress to buy my first sewing machine. That proved I was serious.”

After the birth of her second daughter, Pippa, almost two years ago, Michelle did a wee trial with a Facebook page and five different pattern designs for the woollen pram sack.

“Social media was definitely the easiest way, being rural,” she says. She sold 30 sacks within the first six months. She now also has a website, uses worldwide internet craft site Etsy, is a regular Expo exhibitor and stocks two shops in Ahuriri (Napier) and Waipawa (Central Hawke’s Bay).

Her pram sack numbers are rising towards 100, amongst other products, and she now has someone else helping with the sewing. She says as well as the quality of the product, her story is a large part of the success.

“When people find out I’m a mum, that I’m a New Zealand mum and this is my new adventure, they really stop and listen to me talk about how it all started.”

Having a house with the farm job meant Michelle had time to play around with ideas and the business until the girls were at school and she would be able to work more hours.

She says one of her main challenges has been “intertwining” the business into her own life – Jethro was working, she couldn’t continue with her career and none of her friends were into sewing.

“I felt a bit isolated. Not having anyone to bounce ideas off about how to start a business. That’s what I found super hard. But it did give me my identity and independence back and gave me work-life balance.”

There was relief when she realised people liked her products, but then a growing panic about what she should do next.

The Napier graphic designer Michelle chose to use (she picked up the phone and called a couple to get quotes) was a great help in more ways than design.

“Everything clicked with her straight away. I had all these neat ideas for marketing and the website, but I didn’t know how to make them happen. I’ve worked with her quite a lot – she turns my images into computer images. She was willing to do a small job to start with but now I’m using her every month.”

Connectivity was an issue both at Taupo initially and then at their new farm position at Omakere in coastal Central Hawke's Bay with no internet and patchy cell phone coverage.

"I couldn't upload photos to Facebook or anything. I do customer orders as well so there's a lot of communication. I was getting really frustrated and felt like I was getting people down. It didn't feel very professional. When I explained sometimes that we were on a farm and our internet was terrible, they kind of laughed and understood. But it was hard.

"That's when I would come into town and use the library's Wi-Fi but that didn't really work. That's still really the case, that's why I have my Mondays here at the Chook House. The first day I was like 'wow I've already downloaded 10 photos in 10 seconds'. It was totally worthwhile," she says, laughing.

The Chook House is a co-sharing work space in Waipukurau. In true rural New Zealand style, Michelle reminisces that owner Alex Walker used to be her babysitter.

"I love having other amazing entrepreneurs and business-minded people around to bounce ideas off and mentoring. They say congratulations and there's a happy vibe. When you're at home with young kids, it's not the same environment."

One of the "chooks" has been extremely helpful with advice and contacts.

"Rochelle could see each time I came in I wasn't getting everything done I needed to. I was saying I needed to stay home and sew but also needed to get the administration done... and everything started piling up and she advised me to get some help. She put me in contact with her niece Emma who is now sewing segments of the pram sacks."

She says it has shown her how important support networks are.

"If you want your business to grow, you do need help."

Michelle has no desire to continue doing the sewing for the business in the long term.

"I want to be running a business," she says.

"That's the goal for Fantail's Nest – I will completely move all of the manufacturing away from me and I will do all the marketing and designing work.

"To have Emma on board is a relief – I am completely self-taught on my mother's sewing machine.

"Being connected to farming has given me a practical mind and made me a problem solver and I'm not scared of finding out the information I need and working things out."

She says the end result is to have a successful business that allows her to have the family life balance she wants with Jethro and her children.



Michelle with her gorgeous girls Pippa, left, and Molly.

www.facebook.com/FantailsNestNZ/

8.2 Gretchen King – AgRecord

It wasn't Gretchen King's intention to move to the middle of the country and start a business.

But she's pleased she did.

Gretchen was living in Wairarapa managing two businesses, Wines from Martinborough and the Sustainable Business Network in Wellington, when a new relationship changed her focus.



"I wasn't looking for something to do. But I discovered something that pulled together all my skill set and passions and lit the fire."

No, she wasn't talking about Leyton (wink). But he was using a new on-farm software and she was doing strategic marketing for the owner.

"It was a risk to buy a new business with a partner before you've even moved in together, but it was just right and having someone else alongside gave me the self-confidence. I could see the potential but needed to be convinced I had the capability and should take the risk."

They bought AgRecord in 2013 when it was still in its infancy then designed and launched their own custom-built software for the business and renamed the new version CloudFarmer. That allowed farmers to record day to day operational information for easy use and storage on computer. Last year they launched an app allowing farmers to do this while out on the farm via their phone regardless of reception.

Gretchen and Leyton are annoying familiar with the challenges their app users have with rural internet access – they farm a 1000ha coastal sheep and beef property near Porangahau in Central Hawke's Bay – although cell phone coverage has recently been introduced to the area.

Gretchen says she had previous experience with other small business systems. One of their first decisions was to change from a paper-based accounting system to Xero and introduced a new database system on someone's recommendation.

"We were able to grow them both organically as the business grew," she says.

Cash investors entered the business in 2015 after AgRecord attended an investor showcase in Manawatu after a recommendation from bcc (Building Clever Companies), a specialist business development organisation for start-ups in agriculture, agritech and agrifood. Gretchen says the timing was horrendous.

"We were doing a renovation on the house, our daughter was born five weeks early, which caught us by surprise, and we were doing the final testing of the app with one bar of reception at the neighbour's cottage."

Involving other people in the business was a big step for Gretchen, who says she was worried other people wouldn't have the passion for it they did. The investors were offered performance-based bonus shares for sales they brought into the company, which meant they had even more of a vested interest in its success.

AgRecord's technical agency also has equity in the business, for the same reason.

Although they had several part-time staff, their first full-time salesperson came on board in August. They used Grow HR in Hawke's Bay to go through the hiring process because of the legal and technical logistics of predicting sales growth.

"It was hard because we didn't know how much she would have to bring in to pay for herself. Our guestimate for the first month was quite high, we thought. She met the target in a week. She's motivated by commission. That gave me a glimpse of how do-able expansion could be."



Gretchen King at work on the farm

Aimee has a three-year-old at home and their local admin person, Paula, has a rural lifestyle block and a family too and has worked for AgRecord 10 hours a week for two years.

“Flexibility and family first,” says Gretchen.

“It has been a challenge creating a team environment when working remotely. Everything we do is cloud-based. I don’t have a paper office. There’s no point. I am so proud of them for the way they make it work.”

“I’ve tried to surround myself with an awesome team and can tell them what we want the outcome to be and they get it there. We want to equip them to get the bit between the teeth and run with it. I’d rather have to pull them back than crack the whip.”

She says she continually worries about HR.

“Geographically, how do we find someone, how do we find someone suitable and how to we keep them?”

In hindsight, she says she wished they had done more due diligence into the business and the industry before jumping in “boots and all”.



Gretchen and Leyton at the Mystery Creek National Fieldays

“Strategic planning would have sped up the growth process and would have encouraged me to bring in someone like Aimee sooner. We also should have sat down after our first year and done some strategic planning sessions... sat down and talked about growth and about the administration side of our own software.”

She says strategic planning sessions with an outside facilitator will make them think about how and why they were doing things.

“It’s trying to find the right person to do that. I’ve used Alex Walker at the Chook House (Waipukurau) before and she was fantastic because she understands our industry, she understands the people and gets to the crux of it. Whereas other people don’t understand the business. By the time you try to explain to them what you’re trying to achieve it’s a real mission. It’s areas like that we need to get help with now.”



Gretchen says she’d love to find a mentor or advisor as she often feels isolated.

“But I don’t want to waste anyone’s time. I would like to have someone in an advisory role once we can afford them.

“There is a scheme where you can get accredited mentors but they’re stupidly expensive. I think you need them the most when the shit is hitting the fan but that’s really when you can’t afford them.”

Gretchen would like to take a more helicopter view of the governance of the business.

“I have been so entrenched in the doing – I need to learn governance.”

This is a timely move especially with the recent (and extremely speedy) arrival of second daughter Hetty – little sister to Georgia and Leyton’s two boys Thilo and Boschi – meaning life is a tad busy with other distractions.

www.agrecord.co.nz

8.3 Angela Payne – Agri-lab

Free business courses and start-up grants for small businesses – two of the main things Angela Payne remembers from her early days of being self-employed.

“I compare learning everything in those days to like getting on a horse. You need a leg up or something to help you get on the horse, but once you’re up there, you’re fine.

“The Hawke's Bay Chamber of Commerce had free business courses in Napier and Hastings and down here in Central Hawke's Bay. I was in-like-Flynn. They were usually three-hour sessions about tax and GST or HR and employment or ACC or health and safety. I had to be taught all of this, I had none of those skills.”

She was pleased it was free.

“When you need the basic start-up courses and training, you can’t afford it. By the time you can afford it, you don’t need it or are past that stage.”

She says the courses and grants that were available to her were hugely valuable.



Angela Payne at work

“I got a grant for the cost of a risk management plan. There were small business grants of between \$2500-\$5000 towards the costs of experts (such as consultants in regulatory interpretation of changes to the Animal Products Act under which we were setting up to operate), which was a huge amount back then. I was privileged to access those, but the government has had that back in GST and PAYE and other taxes a million times over since then.”

She says she expected to learn things the hard way and was pleased to make a profit in her first year (1998/99). But then came the hard lessons about provisional tax.

“I was drowning there for a while. The business was growing and growing and the provisional tax got worse and worse. I was totally overwhelmed – swamped by compliance issues and chasing my tail with the provisional tax. It was debilitating.”

Angela’s business journey had started with a faecal egg counting service that spawned from her vet nursing days in the UK when parasitology technology was in its infancy.

The idea behind co-products company, Agri-lab, came after she finished a one-off feasibility study for a meat company. She was working five to 10 days a year for the pharmaceutical venture before it was shut down as a result of a corporate takeover and the new owner deciding pharmaceuticals was not a good fit with their core business. But she had seen the value.

Agri-lab – supplier of raw materials and natural ingredients for the pharmaceutical, nutraceutical and dietary supplements and cosmetics industries – now has an annual turnover of \$2.8 million (October 2017).

Most of its business is export based – 50% sales and 50% contract processing.

“The contract processing has grown from 5% five years ago. It’s great for the business as there is no capital tied up in raw materials. Our freeze drying has been a stellar growth source.”



It owns state-of-the-art freeze driers and various other equipment including jacketed kettles, fermenters, bandsaws, mills, mincers, ovens, chillers, freezers and other meat and food processing equipment.

The contract processing includes various meat, fruit and vegetable products as well as other export and local market items. The business also supplies specialized tissues, placenta, offals, organs and glands (dissected and prepared to order) for pharmaceutical and nutraceutical companies.

World-wide interest in these products has done nothing but increase since Angela started the business. She built a specialised-processing facility in 2002 and has expanded the pack house and processing space several times since then.

“All growth has been completely market driven. I’ve been approached as opposed to producing things and trying to sell them. Most of the growth came from referrals and from within existing clients. One became two and it

kept growing. Being on the NZ Trade and Enterprise database of valuable suppliers added credibility and reliability.”

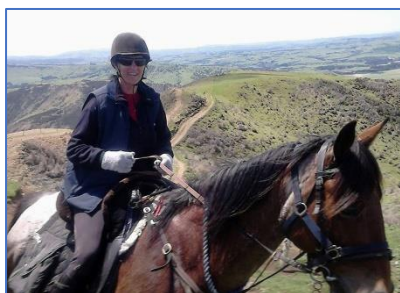
For a while, Angela was working on the co-products business as well as the parasitology.

“But I had to decide if I wanted to be an employee or a business owner. I was too loyal and passionate about what I was doing (with the faecal egg counting) to say no to farmers. Co-Products was a lot more profitable – I could make in a week what I made in three months in parasitology - but the work with farmers kept me busy. Too busy as it turned out,” she says.

“It seemed farmers always wanted more whereas the co-products had growth there for the taking that was beyond the hours in my day. I got to the point where I sold all the gear so I just couldn’t do it anymore and developed a whole new interest.”

Angela also has a small farm on the outskirts of Waipukurau, which she describes as her hobby, and has a rental property business as well.

She says networking has been a large part of her success. She is a regular attendee at events hosted by organisations such as the Rural Business Network (even hosting one herself) and is a regular guest of Chamber of Commerce and Business Hawke’s Bay events.



Angela Payne at play

She is a member of Face 2 Face (business networking group), Eastern North Island Farmer Council (formerly Beef Council), Kellogg Alumni and Lincoln Alumni, and an active member of the HB Hunt and HB Trekking Group.

“Both have a diverse range of business people as members and are great networking forums.”

She remembers learning as much from the discussions over morning tea at business courses as from the courses themselves.

“They were the best exchanges of information from like-minded people whether it be about packaging or invoicing or compliance.

“My advice would be to get out there and network. But don’t try to sell stuff. Share rather than sell. Give rather than take.”

Angela’s guiding light now is what she calls her “goddess principle” that started after the breakup of her marriage in the early days of her business.

“It starts in your own head. Look after number one and everything else follows. Looking after yourself and learning to say no. Treating your health and sleep as sacred.

“I decided I was going to look after myself. I decided I wasn’t going to allow people to treat me badly. I was spread too thinly and needed to say no.

“I took the time to look after me and to grow a stronger financial base, which meant I was able to give more than I ever could before.”

www.agri-lab.com

9. The Challenges - Findings & Discussions

This chapter outlines the initial findings from my literature review, especially research done on this issue by two scientists in New Zealand and Canada. It takes the challenges listed in the online survey – intertwined with the survey answers, the case studies and the accountant questions – and divides them into seven themes and explains the findings for each. The final section in this chapter delves into the ‘why’ behind the overall findings.

9.1 Overview

Small rural businesses are personal. They are intertwined with family (and often farms) and seem to be borne from hobbies or interests or a desire to be creating, making the most of something or simply ‘doing’. The case studies closely reflected the comments made prior to the formulation of the survey questions/answer options and in the survey answers.

Rural regions have been dealing with constant change since the 1980s since farming subsidies stopped. But rural people are now having to adapt proactively to a much more complex and interconnected world. (Mike Mackay, Metro Online, 2015).

The research of Mike Mackay (Rural Sociology in the Faculty of Environment, Society and Design at Lincoln University) has focused on rural and urban change in New Zealand and what he refers to as the “global countryside”. The Metro Online article, *A Country That’s Moving Ahead of the City*, quoted him as saying rural entrepreneurs have to be innovative – developing new niche products and new skills and capacity – so they can connect directly with and seize opportunities within markets overseas. Diversification is key, he said.



Mike Mackay

“We need to be thinking about multifunctional rural spaces, with more than one purpose; tourism, commercial recreational, residential lifestyle blocks. Communities need to work out for themselves what their aspirations are, and, if they want economic growth, they need to be thinking around all the different opportunities. So tourism is at one end, farming at the other, but in between are all sorts of small businesses that could be encouraged to move into the regions.” (Metro Online, 2015.)

Mackay uses the Alps to Ocean cycle trail in the Waitaki Valley as an example to talk about how communities are getting better at marketing their place as a destination – with cafes, pubs, motels and on-farm accommodation. Two of my survey respondents’ businesses were on-farm accommodation – one glamping and one in a restored shearer’s quarters in a rural area growing in popularity.

But research has found small rural businesses can face particular challenges in the area of market size, labour availability, access to urban centres, infrastructure gaps and large time demands (Siemens 2010).

“As they work to mitigate these, the owners draw upon locally available resources, such as themselves, their family, business and community,” says Lynne Siemens from the University of Victoria, Canada, in her 2010 paper *Challenges, Responses and Available Resources: Success in Rural Small Businesses* exploring the challenges faced by a sample of small businesses in a rural region in Canada.

Some of what she found, quoted below, mirrors the situation experienced in rural New Zealand.



Lynne Siemens

“These communities are often far from larger urban centres with their concentration of markets, suppliers, and support organizations. In addition, these businesses may sometimes operate without standard business infrastructure such as banks, broadband internet and a fully developed transportation network, resulting in higher costs and time commitments than may be faced by urban enterprises (Botterill et al., 2000; Stathopoulou, Psaltopoulos, and Skuras, 2004).

“Further, the lower population densities in these areas impact the local market potential. Given this range of challenges and the resulting limits on business viability, profits and growth, the rural environment is often not perceived to be conducive to small business development (Polese and Shearmur, 2002).” (Siemens 2010.)

A paper titled *Does Rural Location Matter* decided rural location does matter (Shields 2004). It concluded rural business owners do experience some diversity related to the geo-demography of their location. The study’s results strongly supported the hypothesis that small rural businesses manage their businesses consistent with rural socio-cultural values and demonstrate the considerable influence of “rurality” on small business activities.

"Its effects are reflected in the importance business owners place on word of mouth reputation and on the primacy of relationships with family, friends and neighbours to the successful operation of their business, affirming the significance of rural social networks (Miller and Kim, 1999). These results suggest traditional business advisors, such as accountants, and community groups, such as chambers of commerce or civic clubs, take a backseat to family, friends and neighbours." (Shields 2004.)

This was echoed in my survey results, which saw more people contact friends and family for advice when they started their business than other professionals (although the accountant was right up there too). Networking is discussed further in 9.8 Networking and Mentors.

Lisa Harper's 2013 Nuffield NZ project, *Supporting Entrepreneurship in New Zealand Agriculture*, expressed a different view. While strong ties are important, in that they provide personal support to the entrepreneur, it is the so-called 'weak ties' to people or organisations outside the immediate circle, that are most likely to bring in new resources and information.

She said a common theme in the literature was the use of rural networks and social capital to overcome barriers associated with reduced economies of scale and lack of information.

In the following sections, quotes in *blue italix* are taken directly from the survey responses. Some of the respondents have chosen to remain anonymous, while others have given approval to be quoted in the report.

9.2 Rules and Regulations

Survey respondents from the health and safety and food production sectors made comments about rules and regulations and compliance issues. In most part, it was an often moving playing field that played havoc with their businesses (and their minds).

For one, it was the need to have a registered commercial kitchen when she started her business. Then the laws changed and she could have used her own kitchen. The cost of setting up that kitchen was huge, she said.

Another commented on having no choice but to deal with government departments.

"Regulations have been an issue in the start-up phase as the rules had recently changed at a government level. This meant there were insufficient trained industry people available for verification work. The government department was not 100% up to speed with the new rules either." Philippa White, Sentry Hill Organics, Central Hawke's Bay

And from another food production company:

"Legislation and training requirements are in development so quite often the people making the rules are still making them to fit the prescribed framework, which can lead to confusion (for everyone)." Annette Dudley, A Love of Cakes – By Annette, Eltham.

One of the health and safety-related respondents said this side of governance was their biggest challenge.

"Discovering what is needed, instead of finding out what is needed. Understanding the streams of paper work around legislation and where to find it with in the web via their home page or large paper based folders. The WorkSafe and ACC web sites are massive, having skills to use key words to find stuff, or using old system collecting paper and putting into folders etc." Ant Sutherland, Sutherland On-farm Solutions SOS, Southland

Ant went on to say it was a challenge changing people/clients' mindset or culture. It wasn't about the rules.

"Getting people to change the way they do things is massive unless they get sold the why."

9.3 Human Resources

Human resources challenges appeared in both the governance and operation section of the survey – from basic knowledge about employment law through to decisions on when and who to employ. Several commented on the hard situation of training up a staff member and then having them leave ... or worse, going into competition.

“Most of our team are outstanding and very committed to the success of the business. (We) have run two internships and one was given a permanent position but resigned after a short-time, although significant investment already made. Difficult to manage expectations and a different generation.”

The above quote came from an anonymous respondent who chose ‘training and retraining staff’ as their no.1 challenge in the operation section of the survey.

“The challenge of whether to employ others when I work remotely (and they would likely have to as well) if I want to grow the business, how to manage that and whether that is the right decision for me/the farm.”

Rebecca Harper, TargetPR, Pongaroa.

“I don't know how to successfully navigate from being just me to having a team of staff, let alone how to create the culture I want, how to manage them, best pay structure etc.”

“My biggest challenge is human resources that suit my industry and meet skill levels.”

“Continuity of systems requiring staff training.”

“At one level, the response to the limited labour pool is blunt. The owners structure their operations to reduce the need for outside employees. They create active roles within the business for their spouses and other family members. In addition, they and their families work the necessary long hours. Finally, they also hire local people when possible with the assumption that these employees are more invested in the local community and, therefore, more likely to stay longer term.” (Siemens, 2010.)

In her case study interview, Gretchen King talked about using Grow HR to coordinate the employment of her first full time staff member. They were worried about the technicalities of employing someone on a commission basis without knowing how to predict what figures that commission might look like.

In Hawke's Bay, to use one region as an example, there are a number of HR firms that pride themselves on rural knowledge and understanding of how rural society works. Grow HR's website talks about helping businesses with employment relations, health and safety risks and training and coaching as well as overall HR management, while employer testimonials on the Rural Directions website talk about the skills needed to employ people and that “someone else is better doing it” who knows what they're doing; “we allowed the guys who know what they are doing, the specialists in their field, to manage that on behalf of us”; “getting it right is so important and so cost effective. Getting it wrong is very costly.”

With a new Labour Government potentially lifting the 90-day trial period for new employees (mainstream media, October 2017) this could make the process of hiring staff for small, rural businesses even more technical.

Not everyone wants to bring an HR element into their business.

“I am happy to be a one-man band, so finding the right client who wants to use my product and grow their skills is more important than number of clients, so word of mouth has provided me with more than enough work for me.”

Ant Sutherland, SOS, Southland.

9.4 Rural connectivity

9.4.1 IT/Software

Ant Sutherland runs Sutherland On-Farm Solutions – a health and safety business with a focus on taking the “complications out of compliance” and getting farmers to create a safer workplace for their family and employees. In the survey he said initially his own lack of computer skills was his biggest limitation but once learned became the greatest asset to his business, making communication and shifting of data easy and efficient. But, he said it was difficult when many of his clients were farmers who were not as computer savvy.

Other responses included:

"I use photo-imaging software - Photoshop and Lightroom – it is hard to find a computer-based business familiar with these programmes within Hawke's Bay let alone Central Hawke's Bay. Joining NZIPP has helped me overcome these issues."

"I am a bit technologically challenged but can generally do the basics, which is usually all I need, but when I have a problem with the computer/laptop, IT support is hard to get out here!"

"I find it hard choosing the right software/apps to add value to my business. When you are on your own, spending the time (and money sometimes) to get it right is tricky."

"Knowing how to find the appropriate supporting technology without wasting a lot of time looking."

One respondent has challenges with creating and updating their database.

"It's something that is difficult and time-consuming. I know it's valuable and a lot of power in it, but there's no simple way to make it happen?"

In her case study interview, Gretchen King talked about why she chose some of the systems they use at AgRecord. One of those was the 'Capsule' database (or CRM – client relationship management), which was found through a recommendation from Chelsea Millar from Grassroots Media.

"That is one of the core foundations to our business. All information about every client is on there – a copy of every email, every phone call, so it means anyone else coming into the company sees the relationship with them. For us, client relationships are important, which is relatively unusual in the software industry... we're dealing with farmers and that's part of it."

Gretchen also said using accounting system Xero was a "no-brainer".

"I'm not an accountant. I had seen it working elsewhere and knew it was a good system."

As a freelance journalist, I was struggling with IT systems I had in place with laptops, phones, digital recorders, email addresses and calendars that wouldn't always 'talk' to each other. I phoned Business Hawke's Bay, which put me in touch with the firm they use, which put me in touch with Napier-based StressFree IT. Todd Goggin prefers businesses with smaller networks (fewer than 10) and agreed to meet my request of being on the end of the phone (within reason) when I had an issue to see if it could be solved immediately (especially if I was on deadline). He walked me through the process of setting up my own domain (www.communiKate.nz) and has been on hand for issues several times. It was important I walked him through my expectations of what I wanted from an IT person and his systems have allowed that to happen remotely.



9.4.2 IT/Connectivity

In her 2016 Kellogg Rural Leadership Programme report *What Makes Strong Rural Communities*, Katherine Gillespie said the importance of good infrastructure was evident from her survey results. Good roads, access to fast, affordable internet and reliable cell phone coverage were all deemed essential to the communities' wellbeing and development.

"All participants were heavily dependent on technology for social interaction, information and research, i.e. Google, business interactions and the ability to access technology for use on farms etc. Several participants talked about access to fast internet being vital in promoting the area to both a domestic and international audience. Several participants felt limited by expensive, and still unreliable, internet in the area. Cell phone coverage remains a problem in places, particularly out on farms. Safety and ability to communicate for business needs were listed as high concerns." (Gillespie 2016.)

Internet connections and speeds and cell phone coverage can be a nightmare in rural New Zealand. It has become such an issue the advocacy organisation Rural Women NZ has launched a rural connectivity award for the Guild of Agricultural Journalists and Communicators annual awards programme.

As with other issues, it can be a lack of knowledge as well as factors outside of your control, as per these quotes from my survey.

"I am a complete novice, so I am learning every day with technology."

"It's a constant battle trying to get good advice about IT. Because price is an issue most of what I have is a compromise."

"Cell phone coverage is patchy out here (though we do have some) and I often cannot answer my cellphone. I wouldn't say it has made life terribly hard though, the landline is fine. I am a bit technologically challenged but can generally do the basics, which is usually all I need, but when I have a problem with the computer/laptop, IT support is hard to get out here!"

"Our broadband and mobile coverage is pretty good these days, but it isn't unknown for it to be 'down' for days at a time. Can't run a business like that!"

"When I first decided to start up the business we had to look at getting fast broadband. Luckily we were close enough to the school to get fast broadband. However, we still struggle as we have limited cell phone reception, which does make it hard."

"Cell phone coverage is patchy out here (though we do have some) and I often cannot answer my cell phone. I wouldn't say it has made life terribly hard though, the landline is fine."

"Internet is my biggest woe. I can only get satellite broadband which costs a fortune."

"The biggest challenge is lack of connectivity basic internet speeds where less than 0.56 mps when we arrived and now after improvement are 13 mps upload less than 2mps! Not useful. I have had to look at other business ventures in the meantime." Hamish Blyth, Blyth and Co, Kumeroa.

"When I first started my online store I was using Farmside Satellite Broadband, low internet GBs for high \$\$\$\$. When we were able to change to Primowireless it changed my life, 180gb is still cheaper than the Farmside 14/30gb."

Lincoln University lecturer Mike Mackay says connectivity was not raised as an issue in the unled interviews for his case studies for the project *Creating 'New' Ventures, Values and Futures on New Zealand Farms*. But this does not mean they do not have connectivity issues.

From general media coverage and also from personal experience, I have found it depends how far businesses are from a main highway, town, school or tourist destination as to how good their internet and mobile coverage is.

Phase two of the Rural Broadband Initiative (RBI) has been launched and includes a fund for mobile black spots. The new contracts provide for: improved rural broadband to be extended to more than 70,000 rural households and businesses; new mobile coverage for around 1000km of state highways and more than 100 tourist destinations; lifting nationwide geographic mobile coverage by 20-30% (from approximately 50% currently); and open access to Government-funded infrastructure (such as towers).

More details on this specific issue can be found on Crown Infrastructure's website (a link is in the References section).

The Tararua district of the Manawatu/Whanganui (Horizons) region is fighting the battle from the front. It all started with some farmers fighting to get connectivity for Kumeroa in a bid to help breathe life back into their community. The Tararua district covers the rural service towns of Dannevirke, Woodville, Pahiatua and Eketahuna but many of its ratepayers are in about 24 rural communities east of the Tararua and Ruahine ranges – communities like Kumeroa.

It is driving a ground-up community-led approach to come up with their own telecommunications strategy – one they hope can be replicated in rural districts around the country.

The following page contains an excerpt from an article I wrote for the NZ Farmer/Stuff (there is a link to the full article in the References section) that highlights how the lack of connectivity affects the economic prosperity of this rural community.

Another of Connect Kumeroa's members, Mel Poulton, says rural communities need connectivity infrastructure that carries the whole platform for a massive array of opportunities.

"First and foremost, cell phone and considerably better internet. Then facilitate the ability to build on that with the Internet of Things to enable far more effective, efficient, productive and profitable management of our businesses – in fact, for all facets of society. We're talking about kids actually being able to do their homework online, midwives and emergency services contactable by cell phone whilst they're on call, remote virtual medical assessments through to on-farm technology.

"We want to use technology to help manage our environment smarter, and create business growth. Instead we've experienced lengthy periods of time where farmers haven't even been able to talk to their vet or their trucking company on a landline let alone cell phone or connecting with international customers and consumers on the internet.

"This kind of connectivity to all New Zealanders must be seen as core infrastructure now alongside roads, rail, and ports. The delayed roll-out of telecommunications infrastructure in what is truly rural New Zealand is putting rural business, service agencies and citizens on the back foot – this is unacceptable," she says.

"Part of our vision is to have every nook and cranny of farms connected, not just our local service towns, or schools."

She says it's not just about downloading social media or Netflix, music or gaming.

"We want to drive economic value in rural New Zealand – the little communities like Alfredton, Nireaha, and Waione. It's about uploading our business information into the cloud and using that information in new ways. Virtual fencing has been talked about but most of New Zealand would currently find it nearly impossible to implement because the internet infrastructure is not sufficient.

"Connectivity is core infrastructure that underpins and enables all communities to innovate and thrive."

9.4.3 Postal Services/infrastructure

The remoteness of many rural places presents transportation challenges to small businesses because population is widely scattered. Manufacturing relies on transportation of goods while tourism and recreation industries rely on travel infrastructure to transport people. Rural businesses face higher commuting and shipping costs. (Shields 2004).

In my survey, five people commented specifically about the challenges posed by the lack of postal and courier services in many rural areas. One had found a way around it, but it wasn't ideal.

"I am lucky that I have a local business in town that I can get my parcels courier too. As it takes an extra 2-5 days before my stuff arrives instead of overnight. But still a hassle to have to drive the into town to pick everything up."

In my interview for the case studies, Michelle Burden from Fantail's Nest said postage was a headache – both ways.

"Trying to move big industrial sewing machines around the place is not an easy task. I also ship all around New Zealand and maybe international next year and I need to find the best way to do that when you're rural. I'm still looking into all the possibilities, that's one of my Chook House day jobs, but at the moment I just use the NZ Post shop in Waipawa. Rural Delivery doesn't work for incoming things like fabric because nothing fits in the mailbox and I don't want it left out."

Her product is sold in Germany, UK and Melbourne, so she has to figure out the best way to get the products there if she wants the business to grow.

Other infrastructure gaps could include a lack of local banking services and general community services and support. Small rural business owners also face acute time demands, perhaps more so than urban-based businesses.

"Basic operating tasks, such as banking, meeting with suppliers and customers, getting supplies in and moving products and services out, take more time because owners must often travel outside their community to accomplish these. Given the rural location, these trips require money, effort, and time away from primary business activities. At the same time, these owners may be balancing multiple responsibilities, including other businesses or paid employment, needed to ensure business viability." (Siemens, 2010)

9.5 Work-life balance

Technology challenges cross over into work-life balance. This one isn't necessarily rural but applies nonetheless to those running small, rural businesses from their homes.

"Technology can touch us anywhere and the work/life balance has become a constant struggle. Digital disruption is prevalent and we are constantly being bombarded with information we have not sought out and must deal with. Life is far more complicated in today's age of never-ending accessibility." (Bell 2016).

There was a range of reactions in the survey to this aspect of running a small rural business.

"Without clear boundaries for where work stops and home starts as everything is done in the same space."
Neriah Broughton, Tribal, Manawatu

"Making time for work and time for kids, not constantly stealing time from the other."
Phillippa White, Sentry Hill Organics, Central Hawke's Bay

"Possibly putting my clients ahead of my family and friends, spending long hours in office."
Ant Sutherland, SOS, Invercargill

"We have three small children so on the one hand this is a business I can run around them but no childcare where we live (45km to town) or family support makes it difficult to get it set up and perfect with kids at foot."
Libby Tosswill, Birch Hill Glamping, Waipukurau

"It is hard to set time aside for it. It was a lot harder when the kids were home, but we soon worked around that and you tend just to find a time space for everything. Now both kids are at school it has made it a bit easier, however I do miss them helping me with several things :-)" Trudy Hobson, Tag 4 Consulting, Porangahau.

"I am constantly trying to balance work with childcare as a solo mum. I need to work so we can survive, but if my daughter is sick then I have to take care of her then I get sick and then suddenly I haven't worked for a week! It's petrifying and exhausting." Emma Buchanan, Soter Rural Compliance, Waipukurau.

"The biggest issue for me is office space. I operate my business from my house and I don't have any space to have a proper office so I need to work around a lot of noise. I can't have meetings outside of school hours when the kids are home and it's hard at night too because I would have to ask everyone to leave the main area so I can do my job."

"Having to pay for childcare is not great - if we were in the city they would more than likely have more other people they could carpool with to their after-school activities but because they are at country school where all the parents have to drive to - those options are not available."

"Childcare has been hard for me as my husband works out of town and sometimes in the weekend. When he has weekend work I often don't find out until well after I have made a work booking (due to his work, not poor organisation). It can be stressful finding someone to look after the kids as often it is weekend work."

Many families have unwritten rules, whether they apply to business or the farm or simply the family – that family comes first, that family and business values are similar as you can't change code when you choose to and that people are always at the heart of what you do (Bowie, 2015).

Mackay and Nelson (2016) note two of the farms used as case studies showed the problem was balancing the demands of their growing businesses with parenting duties and the ongoing needs of the main farm enterprise. Family farms can differ from other family businesses because the farm is usually also the family home – this the business and household are closely connected. (Seventeen of my 24 survey respondents' businesses co-existed with a farm).

Even with the best of intentions, it can be hard to say no to working when you're supposed to be having a day off. New Zealand businessman Michael Ahie spoke to a Kellogg Rural Leadership Programme group in Wellington. He said he knew he needed balance but even after setting himself the goal of working Monday-Thursday he still found it difficult to turn down meetings on Fridays. One of his reasons for employing a PA to take care of his diary was to take away any question of Friday being "his day". Two of his mantras are "Plan less and reflect more" and "manage your energy, not your time". This fits well with Angela Payne's "goddess principle" in her case study. Look after yourself and know your strengths – the rest will follow.

I have a personal affinity with this subject. I chose to be self-employed when I did so I could spend as much time with my children while they were young – this also meant controlling them when I was working or working around them or

being willing to drop work when something happened or they just needed Mum. To this regard, they became efficient little secretaries when answering the phone and if I was on the phone when they came into the office, they learnt to tap me on the shoulder and wait for me to respond (or write a note, depending on their age!)

Central Hawke's Bay businesswoman Alex Walker started a shared workspace business in Waipukurau because she found herself holding her foot against her office door to stop a crying child (not injured) coming in while she was on the phone to an important client. She said that was never going to happen again, so she set up The Chook House in 2015. She was mentioned in Gretchen King's case study and The Chook House is used by one of the other case study subjects, Michelle Burden. It gives Michelle specific time away from her children to do administration work for her business. I am also a casual 'chook' using The Chook House facilities on an as-needs basis. When you work alone, having someone to share a coffee with at morning tea time is a good thing occasionally!

For working-farming mums, there is a distinct connection between work-life balance and distractions – namely their children.

9.6 Distractions

Children, social media/electronic devices, housework, visitors... all distractions for any person working from home. For those who live and work rurally, there's also the sound of the bike or ute pulling up at the back door and a voice calling you to help in the yards.

"When you live on a farm and work from home there are often things that come up on the farm that require my help/input, and that can be quite sudden - not great if I am working on deadline. We only have one phone line for personal/farm/my business - sometimes a friend or family member rings during the day and wants to talk, I find it hard to tell them I am working and not available to chat right now! I considered having a business line put it, but decided the extra cost wasn't worth the benefits. I am pretty disciplined and have a designated office space, I can close the door, and I don't wear 'farm' clothes when I'm working - it makes me feel more professional. I know I work better from 7am-11am, so I ensure I do the bulk of my work/highest priority stuff then." Rebecca Harper, Target PR, Pongaroa.

"On those sunny days it does make it hard to sit down and get some work done, when all you want to be doing is getting out on the farm."

For some, myself included, it is freebies and community additions to our calendar that are distracting.

"The most challenge has been staying on task when there are so many other requests on my time most of them community based e.g. not paying." Hamish Blyth, Blyth and Co, Kumeroa.

Sometimes it is simply a matter of people not understanding the term "working from home" or simply our own choice.

"Distractions are selecting the things on my to-do list that I enjoy doing instead of when they should be done." Ant Sutherland, SOS, Southland.

"Procrastination and distractions go hand in hand. Also if I choose to work from home for the day people don't respect my time cause I don't have a real job!"

A friend recently introduced me to the book *Change Your Habits, Change Your Life* (Corley, 2016).

Habits, by their very definition, are persistent routines. When you adopt good habits, they help you grow your skills and knowledge. Good daily habits enable you to focus every day on pursuing success. (Corley 2016).

He says "Getting control of your habits is empowering... According to the latest research on happiness, having a feeling of control over your life is one of the most significant drivers in creating happiness (General Social Survey, University of Chicago, 2014). Your new habits will not only put you on the path to success, they will also put you on the path to happiness."

One of the biggest distractions in my office is the phone and my automatic reliance on news headlines, messages and texts from friends and notifications from Facebook, LinkedIn, Instagram, SnapChat or Twitter, as well as emails on the laptop. Thanks to this book, I am learning to put the phone on 'do not disturb' and closing the email browser when I am concentrating on a task. If I'm really under the pump and I'm taking myself offline for a couple of hours, a message will play to people that I'm unavailable. Since when did we HAVE to be available 24/7?

9.7 Knowledge

I have heard the phrase “You don’t know what you don’t know” several times in the past few months. But how hard is it to do some homework? If you want to buy a vacuum cleaner you could go to Consumer magazine to do some research. If you want to buy an appliance, you could go online and compare prices at all the stores before you buy.

One survey respondent recognised where her weaknesses were and found ways of making it easier.

“I’m good with words, not numbers. Stuff like GST, invoicing and year-end accounts was a foreign language! I do all tasks in the business, including admin, myself, so that was a steep learning curve. I used some of the IRD website resources and getting onto accounting software, Xero, really helped me streamline the accounts process.”
Rebecca Harper, TargetPR, Pongaroa.

One business made special mention of their accountant (Hawke’s Bay-based BWR) twice in the survey as helping with online invoicing and generally providing ways to make business life simpler. Only one person mentioned their banker.

“With our rapidly-growing businesses they are presently supporting and growing with us in terms of providing knowledge around employing extra staff, other areas of growth, putting us in touch with their key internal professionals to talk through ideas.”

Aside from family and friends, accountants were the most used advisory service for people when they started their business and remained important now. I asked three rural Hawke’s Bay accounting firms were asked three questions. We already knew accountants were being used by our businesses, so I asked about the importance of using an accountant early in a business journey.

Craig Riddiford (BWR) agrees an early start with an accountant will give a business the best chance of success.

“As well as ensuring the businesses is structured the best way to meet their needs and providing guidance on keeping tax compliance up to date they can form your idea into a viable business plan using their experience and expertise to advise of areas to focus on and how to monitor your financial performance.”

Kate Laugeson (BM Accounting) agrees.

“An accountant can help you with your initial business plan, advise you on the various structures you can operate your business through (i.e. sole trader, company, trust, partnership etc.) and ensure you are set up in the correct structure for your business and personal situation from the beginning. An accountant can also give you advice and assist with setting up your reporting systems that ensure you receive the right information and can then explain this information so you can understand it to enable you to make the right decisions at the right time and be proactive in your business rather than reactive.”

Sean Bennett (Crowe Howarth) says accountants can also outline possible grants and funding options for start-ups available such as those from NZTE’s business mentor programme.

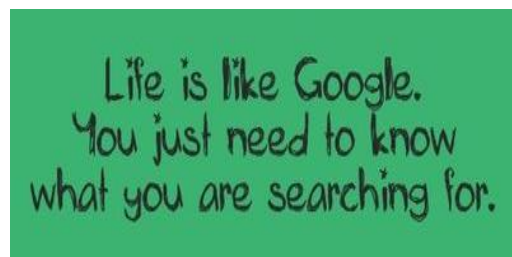
“We would also have the opportunity to help clients establish good business habits from day one. We have benchmarking data available to compare budgets and forecasts against and are able to put start-ups in touch with those who have ‘been there - done that’.”

The three accountants said their firms offered a free, no obligation first meeting.

Laugeson said such a meeting is for them to “get an understanding of what your business proposal is, your personal and family situation, explain to you the various business structures, operating systems you could use and get an understanding of what it is you want from an accountant and explain what we can do to help you grow your business”.

The three accountants were asked to think back about what might be the biggest downfall for a new business.

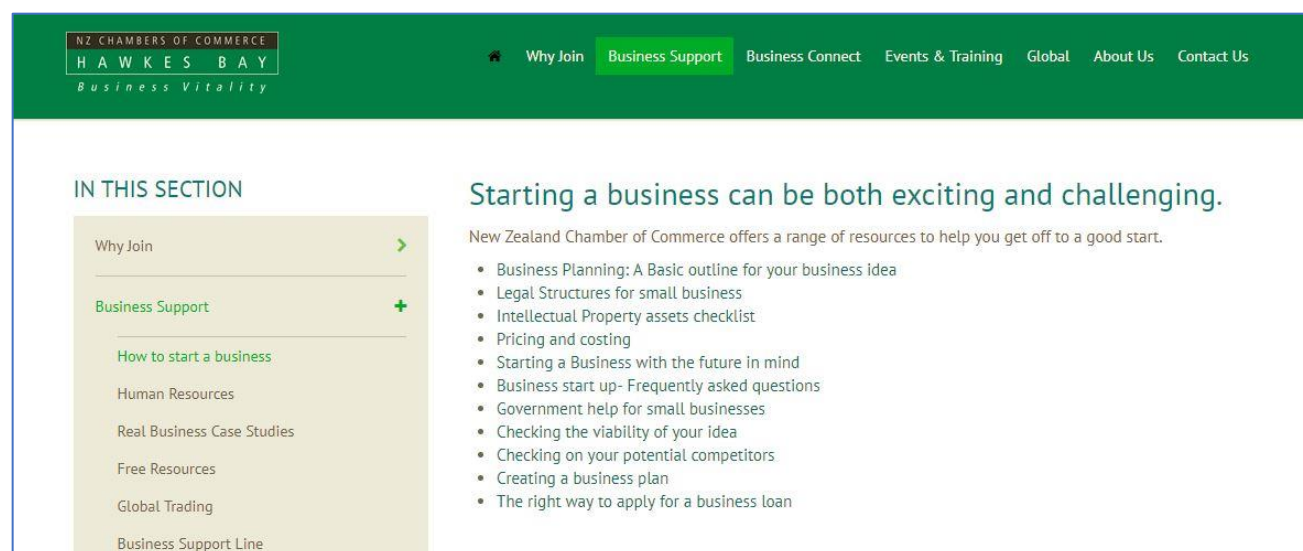
- Failing to plan
- Not getting professional advice early
- Understanding the importance of cash flow
- Underestimating the cash requirements of a new business
- Not being aware of compliance commitments
- Being unaware of how they really make their money
- Not understanding the key profit drivers of their business.



Riddiford also talked about the influence of Kiwis' give-it-a-go mentality:

"... often set up businesses without adequate capital behind them or the right skillset. Being good at what you do doesn't make you a good business owner, you need a different set of skills. New business owners that aren't prepared to invest in upskilling in areas such as managing staff and customer relationships, sales and understanding financial information often fail at business."

The information is out there about starting a new business – you just have to look. There's the business.govt.nz website, which includes advice on choosing that all-important accountant, as well as those belonging to regional business organisations such as the Hawke's Bay Chamber of Commerce (I recommend reading its frequently-asked questions tab if you are a business start-up).



Some of the respondents didn't know if they should try to stay the size they were, manageable by one, or grow their business. If they chose to grow – how to manage that change and how to move from working in the business to on the business.

One owner of a larger business said as the owner, it was hard to delegate time to the important versus the urgent and the in versus on operations of the business. Comments about general lack of business knowledge was common.

"You don't know what you don't know until you know! Financially it has also been very tough as there is no real support to speak of aside from relying on my husband to carry the burden of bringing in the main income while I chase my dreams."

Several of the survey respondents from the same geographic area had attended workshops or courses organised by a business near them that is run by a local self-employed person with a marketing and business background. One of them said it had finally helped them "comprehend the concept of marketing, which I am now beginning to implement into my business" and had given them the confidence to ask for help in areas they weren't sure about.

Angela Payne said in her case study interview "when you need the basic start-up courses and training, you can't afford it. By the time you can afford it, you don't need it or are past that stage."

In Chapter Six of *School of Greatness*, Lewis Howes (2016) says he is constantly learning new skills and taking on new challenges each year. He lists some of them – from playing the guitar and breathing techniques through to building a website, editing podcasts and learning how to "hire a powerful team" for his business.

"All of these are things I didn't know how to do when I was growing up or in college. It took time to learn and master these skills but now because I can pull them off my toolbelt at any time and access them in different areas of my life, I am able to get to where I want to be much easier and faster. Write a list of 10 skills you want to learn. Start with the one that excites you the most and create a game plan for how you will learn it over the next six months..."

Brett Roberts is director of new technologies at Pitney Bowes New Zealand and CEO of connector Wharf42. In a business column on Stuff, Roberts used the word EPIC to show his checklist for start-up success – Execution, People, Idea and Culture.

Roberts said identifying a good idea, testing it and seeing who might already be running with it is something that can be done relatively quickly and cost effectively.

“Either way, in the online world in particular, it’s becoming easier to find a good idea, refine it and then replicate it – often in an incredibly short timeframe.”

I found a great chess analogy for starting and managing a business. Start with decisive and correct opening moves and although initial mistakes are not fatal, it takes skill, discipline and hard work to regain the advantage. (Wade 2012).

Wade says to explore and evaluate your business and personal goals before you build your business plan. His guide to how to start a small business is Appendix III.

Then there’s governance.

Governance is an ecosystem of internal and external factors that collectively operate to ‘direct and control’ an organisation – pulling together legislation and regulation, market and consumer, contracts, policies and people. Tom Skerman’s 2016 Nuffield NZ report discusses what governance is and why it’s important and how an organisation might build its governance model over time in a manner that suits its changing circumstances and needs. He discusses his “Green Zone Governance” theory. His report includes a governance self-assessment checklist.

Skerman explains:

First and foremost, it is a grass-roots engagement with governance that seeks to add value where it is needed most by providing owner-managers with the resources they need to grow. The idea is to convey a sense of choice – a green light if you will - to develop a more nuanced approach to governance, one that sets aside the traditional preoccupation with control and compliance (holding to account) and strategy, in favour of service – bridging the gap between actual and potential performance.

A fresh approach is required because agribusiness is dominated by organisations for which the mainstream practices and disciplines of ‘best-practice’ corporate governance just don’t quite seem to fit. Where the line between family and business is blurred. A world dominated not by professional management teams, but by benevolent dictators of both sexes and their (sometimes) loyal subjects. A world where fairness matters.

This report is primarily addressed to owners of agribusinesses, or Agri-SME’s- where the CEO is probably unsackable, where management is fundamentally inseparable from ownership, and where strictly commercial drivers sometimes play second fiddle to values, culture and personal needs. (Skerman 2016)

With knowledge, or the ability to improve one’s own knowledge, comes self-confidence. I liked this quote.

“You almost have to be narcissistic in order to have total belief in yourself and your business. Instead you can easily become overwhelmed or filled with doubt and trepidation, especially if you're working in isolation. If you are surrounded by others in a similar situation it puts it into perspective and you quickly realise that you're not the only one and everyone goes through the same challenges. Unfortunately, being based rurally I'm not in a situation to be surrounded by others, so get a bigger dose of the fear, trepidation and self-doubt!”

Gretchen King, AgRecord, Porangahau

9.8 Networking and mentors

The quickest way to learn a skill, find out information or achieve a goal is to enlist the help of someone who has done it before. American author and leadership mentor, Michael Hyatt, says we all need Sherpas to show us the way to the summit.

“Without help or new knowledge, you’ll get frustrated fast... and give up quickly. Enlist the help of the best coaches and instructors you can afford. If you can tap into their experience and learn from it, you can get to where you want to go faster and with fewer missteps along the way.” (Hyatt 2017.)

There are five types of mentors – parents, teachers, career mentors, book mentors and the school of hard knocks mentors. (Corley 2014.)

But we don’t even need to say the word “mentor”. In her book *Lean In*, Sheryl Sandberg says the relationship is more important than the label. She says not to look for someone to hold your hand or validate your feelings, but to focus on specific problems with real solutions.

“Most people in the position to mentor are quite adept at problem solving. Give them a problem to solve. Sometimes high potential women have a difficult time asking for help because they don’t want to appear stumped. Being unsure about how to proceed is the most natural feeling in the world. I feel that way all the time. Asking for input is not a sign of weakness but often the first step to finding a path forward.” Sandberg 2015

“Networked women, who were in the main better educated and more affiliative by nature, were more expansionist than both other female business owners and men. The networked women were also more likely to have business mentor.” (McGregor Tweed 2002)

My survey showed some of the respondents knew the strengths of networking and knew their business had a better chance of survival and of growth if they built a good network. One respondent mentioned a difficulty in the technology section about needing help with her photo-imaging software but joining the NZ Institute of Professional Photographers had helped her overcome those issues and put her in contact with people with details of online and classroom courses to attend. Networking at a much more basic level was missed with those working from home missed the camaraderie of workmates/an office environment.

“I love “chewing the fat” with colleagues of like-minded individuals and often have to talk farm to get my adult professional conversation box ticked. I would love to find a mentor or person to chat with that fully understands my industry/business.” Rebecca Tosswill, Farmers Daughter Design Studio, Wairarapa

“I am a social person and I previously worked in an office with others. I do find the lack of other people to talk to and bounce ideas off a down side, but I am usually out on farm or visiting clients 1-2 days a week, and I have farm work in between, so the variety usually makes up for it. It is harder to attend networking or evening business events like I used to, due to the long drive home. Sometimes I will book accommodation in town, so I can enjoy an evening event without dreading the drive home at the end of it.” Rebecca Harper, TargetPR, Pongaroa

“The hardest thing is surrounding yourself with others for purposes of networking and motivation. Can feel very isolated when working from home as the men are generally farming and the women are at home with the kids (otherwise they work in town). It means it’s hard to stay up to date in a rapidly-changing environment and you miss out on the networking opportunities. I’m also the personality type that needs to be surrounded by others to get my energy and motivation.” Gretchen King, AgRecord, Porangahau

“I miss having people to bounce ideas off. I find working alone with everything being new and most of my interpersonal contact being with new clients quite draining. I miss doing things that are familiar with familiar people.” Emma Buchanan, Soter Rural Compliance, Waipukurau.

Two respondents mentioned talking with a company called BCC (Building Clever Companies). For Gretchen King it was because of a random article she read somewhere that led to BCC putting AgRecord’s name forward for an agri-investment week in Manawatu. For Chelsea Millar, it was ongoing support that was important.

“BCC helped work me through the business model canvas and continue to provide support in how I can shape and grow my business from consultancy into a company employing staff.” Chelsea Millar, Grass Roots Media.

Massey University profiled some of its alumnae in the 2016 Women of Influence Awards – one of them was Chelsea. In that interview, she said she had two mentors, Agri-Women's Development Trust's escalator graduates Michelle Wilson and Dr Tanya Quinn, who “planted the seed, gave me the self-belief and encouragement that I could make the move into self-employment and really rock it.”

When asked for the one piece of advice she would give a young woman starting out in her career, Chelsea replied “You can. Surround yourself with knowledgeable people who can do the job better than you and become a sponge. Ask loads of questions and absorb as much information as possible.”

Nuffield NZ 2013 scholar Lisa Harper says networks are vital to building and maintaining the performance of any sector and should be actively fostered at all levels. She identified some of the characteristics of effective networks.

- A successful network speaks to the identity of the participants. The best examples become participant-led, allowing them to take ownership of the process.
- A successful network is also topical and changes with the feedback of the network members. It must be based on a genuine need. Over time, as issues and demands change, the network will alter. At some point, it may look quite different to what it was in the beginning, with different participants, focus and even function. This is to be expected and is not a failure.
- Different forms of network may perform different functions, so the goal of the network determines in part the form that it should take. For example, to promote radical innovation, global networking should be encouraged. To foster better links across the value chain, an annual meeting of all interested parties in a sector has been shown to be very effective. If the goal is to increase the performance of grassroots businesses, while they may benefit from a large annual gathering, they derive greatest value from regular local meetings and peer mentoring. (Harper 2013)

As a youngster, Kalpana Morparia had very simple dreams: get married, have lots of children and lead a life of domestic bliss. Four decades later, here she is, CEO of JP Morgan India. This is an intercept from an interview with Nirajita Banerjee, Associate News Editor at LinkedIn, in June 2017, called *Dream big, seek help and never shy away from networking: A CEO's mantra for women leaders*.

“Dream big. Be ambitious. Have an immense passion to win. Never say no to stretch roles. Can’t underscore enough the need for sponsors at different stages of one’s life and career. Sponsors increase visibility of the work done and give meaningful feedback. Nurture networking skills. Networking is extremely important to position you for the right opportunity at the right time. Men appear to be far ahead of women on that score. Don’t give up. One doesn’t have to always go through challenges or experiences alone. Learn from the experiences of others. So seek help.”

9.9 Findings – the why?

At the time of starting this project process, I had just read Simon Sinek’s book, *Know Your Why* (2009). Personally, looking back, autonomy was one of the reasons I chose self-employment for myself back in 2000. I did not want to be beholden to anyone else’s working hours while my children were small. I wanted the autonomy to choose what I did, where and when. That side of the equation moves into values. I wanted to write the stories I wanted to write – to have the autonomy to not write stories where the theme, angle or person being interviewed went against my values.

The paper *Autonomy as a start-up motive* (van Gelderen 2006) reports autonomy was a central theme to emerge in studies about what motivates people to set up their own business. But there was no specific attention paid to autonomy in its own right and van Gelderen said the only explanation appeared to be that it was taken for granted.

Why is this relevant? I thought a large reason for the success of small rural businesses and the challenges they face along the way would be in line with the reasons why they set up the business in the first place. A dedicated seamstress starting a business selling one of her garments or a graphic design artist marrying a farmer and having to move into the boondocks of rural New Zealand – these people are not necessarily in business because they want to be in business. There are definitely challenges out of their control, but other challenges relate to their reasons for being in business and their lack of specific business skills or knowledge.

Rhodri Thomas, in a 2007 paper about small firms in tourism, *I think I can, I think I can: Overconfidence and Entrepreneurial Behaviour*, said high failure rates and low average returns suggested too many people may be entering markets as entrepreneurs. Thus, anticipating how one will perform in the market is a fundamental component of the decision to start a business.

Whatever the reason, small rural business owners often acknowledge their desire to stay within a rural community and create a particular lifestyle may be more important than business profits and growth.

In Natalie Bowe's 2015 Kellogg Rural Leadership Report (*Thinking Small: What are the Opportunities & Challenges for a Small Farming Business by Adopting a Niche Marketing Approach?*) some of her case study farmers were struggling to make ends meet and were forced to think about how they could become more financially stable, which became their main catalyst for looking at a new approach for their business. The same scenario applies to farm businesses needing another income. Off-farm income is mentioned in many succession conversations – one way of gaining this is for a new member of a farming team to continue their career or start a new business from home (although not necessarily the right reason to start a business).

Personal satisfaction, pride and a flexible lifestyle are important considerations for small business owners more so than financial factors or wealth creation. Given the strong entwined nature of small businesses and the owner, personal success often equates to business success. (Walker Brown, 2004).

In Sarah Bell's 2016 Kellogg project, *Courageous Leadership - A look at present day leadership in New Zealand agriculture*, she asks if there is an opportunity to consider a bottom line KPI that isn't based on financials or performance, especially in a world of digital disruptions, work-life balance and mindfulness.

"There's a NZ attitude to work that's great. But that's also a weakness. It's harden up, keep going, don't be soft. Some of that stuff we've used to build a fabulous nation but we now need to rethink that to bring it back to health, wellbeing, family, quality time." (Bell 2016)

And even as they're challenged, whether it be connectivity, human resources or something else entirely, rural New Zealanders hold true to their own.

"As they respond to these constraints, rural business owners are often more motivated by lifestyle priorities, rather than by growth and profits (Getz and Carlsen, 2000; McKenzie, 1998). They are creating successful businesses, albeit on their own terms, and responding with creativity and self-reliance to their challenges." (Siemens 2010)

In a study involving 12 family business case studies in the South Island, Mackay & Nelson (2016) found new on-farm ventures were a type of succession planning and far removed from the 'survival' entrepreneurship of the 1980s and 1990s.

Many of the challenges they identified were the same as my survey respondents and case studies, in terms of rules and regulations, accessing resources and labour and balancing the demands of the new business with family obligations and community commitments. Solutions to those challenges, as suggested by their interviewees, included support networks, utilising social media and involving family members in the business to help work/life balance.

10. Conclusions

This project has shown the main challenges facing small, rural businesses include rules and regulations, human resources, rural connectivity, work/life balance, distractions, lack of knowledge and the need for networking and mentors.

It has also touched on the importance of why people start a business relating to how they deal with the challenges they face.

The purpose of this project was to give a more personal view of the challenges facing small rural business owners from their own experiences and perceptions.

I wanted to create a greater understanding of those challenges and how those business owners felt about them.

There are those who have worked to find the information they need or have used other people's knowledge to help them solve a problem. There are many who haven't.

The reasons why they're in business are important.

Rural location and rural issues definitely pose some challenges out of their control, but other challenges relate to people's reasons for being in business and their lack of specific business skills or knowledge.

Realising you're not alone in any of that doesn't solve the issues, but perhaps make it easier to draw a line in the sand and do something about them.

Gretchen King says it well.

"You can easily become overwhelmed or filled with doubt and trepidation, especially if you're working in isolation. If you are surrounded by others in a similar situation it puts it into perspective and you quickly realise that you're not the only one and everyone goes through the same challenges."

This project surveyed the owners of 24 small rural businesses and used three businesses in different stages of their development as case studies.

The survey divided challenges into five sectors – governance, operation, technology, communication and personal. As I went through the answers of the survey and wrote the case studies, the most prominent challenges became apparent.

Comments about rules and regulations mainly came from those businesses in food production and health and safety – they have no choice but to deal with legislation being governed by their respective government departments. Tax implications were not as strong in this topic as I thought they may have been, although provisional tax was an early issue for one of our case studies.

For human resources, it wasn't necessarily the lack of people to employ (one said "I work remotely, they would probably have to too".) but worry about the implications of taking on staff that were a challenge to my survey respondents.

I divided the rural connectivity challenges into three issues – IT/software, internet/cellphone and postal/infrastructure).

For software it was mainly confidence to choose the right systems and for internet/cellphone coverage it was mainly speeds or the fact they were non-existent.

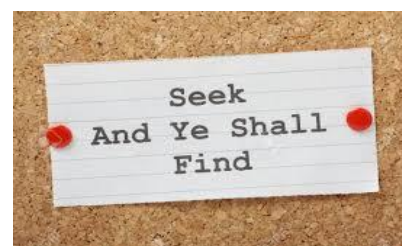
For the latter I quoted from the Kumeroa community fighting to take control of its own connectivity issues in a way that would benefit other rural communities around the country.

Postal services were also an issue. Emails are a great way to correspond (if you have internet) but businesses still need to be able to send and receive actual physical items without a trip to town.

Work-life balance evoked a range of emotions, especially when the family home was the place of business or the business seemed to play second-fiddle to the farm.

Distractions fell into the same category, especially when the 'distractions' were children, farm work or house work.

I used quotes from three accountants in the knowledge section to send home a message for business owners to do their homework before they start, get advice early and to keep getting advice. One said "being good at what you do doesn't necessarily make you a good business owner". The information is out there about starting a new business or running an existing one – you just have to look.



American author Michael Hyatt (2017) said the quickest way to learn a new skill, find out information or achieve a goal is to enlist the help of someone who has done it before. Networking and finding mentors and coaches is the best way to progress your business forward.

I discovered the best things business owners can do is get help, ask for advice and improve their own knowledge. To quote one of the HR websites I visited: "Getting it right is so important and so cost effective. Getting it wrong is very costly."

Either way – keep going. It's your business – you're there because you want to be.

This project has highlighted to me there are numerous ways to overcome challenges. Rural business owners can sometimes be their own biggest road-block and this is recognised by my recommendations in the following chapter.

This ties into a quote I found online from Australian outback station owner, Sara Henderson.

"If you continuously face challenges, one of two things can happen: You either collapse under the strain, lose confidence in your ability and walk away defeated – perhaps to fight again later or to just drift into a life of non-challenge. Or you win a few impossibles and are then encouraged to have a go at the next impossible. So that before long, you find the impossibles have become possible."

And another from New Zealand speaker and author Andrew Fleming.

"The sooner you change the channel the sooner you will have what you want. In order to get different results you are likely to need to learn new things. What is it you need to learn in order to get what you really want? Whatever happens in your life, it's not about the challenge, it's about you choosing to see a solution."

11. Recommendations

Knowledge is power. It doesn't necessarily have to be your own knowledge.

My biggest two recommendations out of this report would be for rural business owners to seek to improve their own knowledge and to be stronger about asking for help or advice – use the knowledge of others. This can be applied to each of the challenges identified.

My message to the owners of small rural businesses – you need to be determined to investigate and do research for the information that will help your business. You need to:

- do your homework early
- involve an accountant or similar consultant early in the creation of your business
- spend time researching for to-do lists and business plans (there's one in the appendix)
- read the frequently asked questions on websites because there will be questions you haven't thought about!

The second side of knowledge is not reinventing the wheel. This is two-fold – getting help and asking for advice.

Sometimes it will be in the best interests of the business to employ outside expertise especially in areas of finance, human resources or technology (unless these are your area of expertise). By doing this, you can get on and do what YOU do best. Pay someone for their strengths so you can make the most of yours.

While HR and connectivity were two main challenges highlighted by this project, arming yourself with knowledge or the knowledge of someone else can help you overcome these issues. Or, in the case of the Kumeroa community's connectivity woes – take on the fight yourself.

On the other hand, it will be a rare situation that you are walking in uncharted territory. Talk to people who have trod the path before you or find a mentor or coach who can guide your thinking or decisions.

How do you know who should be your mentor or coach?

Firstly, research the difference. There is a lot of research on this topic.

In my opinion, a coach will guide you and ask you questions but ultimately you do the work. They could be a friend, community member or someone in your industry – someone who can push you to be a better person and better at what you do. A mentor should be someone in business or in your profession who can guide you about the choices you're

making, they don't guide you to come up with your own decisions, you're asking for their advice on what they think you should do.

How do you find these people? Networking.

Networking is a socioeconomic business activity by which businesspeople and entrepreneurs meet to form business relationships and to recognize, create, or act upon business opportunities, share information and seek potential partners for ventures (Wikipedia 2017). In terms of small, rural businesses, this could be meeting people who could be future customers or suppliers or getting to know people who could provide services to your business in the future. It could also be meeting people to guide you in your entrepreneur journey – from any level.

A side benefit of networking is promotion of your product or service – your business. But I believe the main result of networking is personal – coming back to that old saying, 'it's not what you know, it's who you know'.

Who do you know? Make a list.

Wait until there's a networking event on and send them an invitation (or get the organisers to put them on the invite list and make yourself talk to them at the event). Obviously in order to do that you'll have to join some groups like the Rural Business Network, Face to Face, Chamber of Commerce, local professional groups or industry-specific groups in your area or build a profile on LinkedIn. Join community organisations (sporting, Lions/Rotary, cultural) to meet new people and make connections.

One-on-one business advice could be useful. Business Mentors New Zealand Limited is a not-for-profit organisation supporting the success and growth of small businesses through the knowledge and experience of volunteer mentors. Its programme provides 12 months of confidential one-on-one advice for owners of small and medium-sized businesses who want to grow or need help to solve specific business challenges.

To steal the term from author Tom Corley (2016), use book mentors. Buy some leadership or motivational books or audio books are good for when you're driving. I recommend starting with Simon Sinek.

Put your name forward for personal growth or leadership courses. Again – do your research to see what suits. Some suggestions: Kellogg Rural Leadership Programme, Agri-Women's Development Trust, Young Farmers, Federated Farmers, Rural Women, Horticulture NZ or an organisation such as Coach Approach.

Lastly, if you are at the start of your business journey, here's a valued piece of advice my coach gave me this year.

Begin with the end in mind.

Picture where you want to be and how you want your business to look. Then set some goals, formulate a plan and make it happen. You're the only one who can.

Having said that, you don't have to do it alone. Arm yourself with knowledge and a few people on the side cheering you on and it will make the journey a lot more enjoyable.

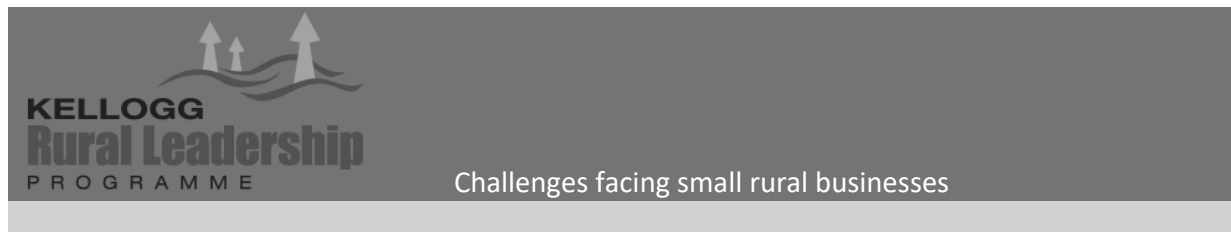
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13. Appendix I – Survey questions



My name is Kate Taylor. I am a freelance rural journalist in Central Hawke's Bay. As part of the Kellogg Rural Leadership Programme, I am doing a research project on overcoming the challenges facing New Zealand's small rural (non-farming) businesses. I have had a small rural business myself (communiKate) for 17 years.

This survey is to gather information about the extent of those challenges. Your participation in the survey is voluntary and confidential and you have the freedom to withdraw at any time. There is an opt-in section at the end of the survey for your business to be named in the report - this would mean your survey responses would no longer be anonymous – or for the author to contact you for more information.

First of all, some questions about your business. If you have more than one business, please pick one to concentrate on throughout this survey. This survey is aimed at non-farming businesses.

- 1. How many people does your business employ?**
 - ☐ Just me
 - ☐ Just me and one other
 - ☐ three to five people including me
 - ☐ More than five people

- 2. Where does your business operate from? (Choose the most applicable option).**
 - ☐ Anywhere I can find room in my home
 - ☐ Designated office space in my home
 - ☐ Designated office building next to/near my home
 - ☐ Rented office space
 - ☐ Purchased office space
 - ☐ Shared/co-working office space
 - ☐ Other (please specify)

- 3. How would you describe the area you live in?**
 - ☐ Rural
 - ☐ Small rural town/village
 - ☐ Provincial service town
 - ☐ Provincial city

- 4. Does your business co-exist with a farming operation?**
 - ☐ Yes
 - ☐ No

- 5. What is the best way to describe your business?**
 - ☐ Product-based sales
 - ☐ Supplying a professional service
 - ☐ Both

- 6. How long has your business been operating?**
 - ☐ Still in the planning stages
 - ☐ Less than one year
 - ☐ One to five years
 - ☐ More than five years

- 7. Why did you start your business? Pick the most important reason.**
 - ☐ Loved the product/service
 - ☐ Something to do/fill in time
 - ☐ Contact with people
 - ☐ Financial reasons
 - ☐ Other (please specify)

8. Thinking about your answer to the previous question about why you started your business, please rank how you think you have met this initial goal (1 being haven't met the goal and 100 being totally met the goal).

1

success

100

9. What services did you go to for advice when you started your business? Tick any that apply.

- ☐ Accountant
- ☐ Lawyer
- ☐ Banker
- ☐ IRD
- ☐ Applicable government department
- ☐ Consultant in your field/industry
- ☐ Business organisation
- ☐ Business mentor
- ☐ Personal coach
- ☐ Friends
- ☐ Family members
- ☐ Other (please specify)

10. What services do you continue to use for advice in the operation of your business?

Tick any that apply (choose not applicable if you are still in start-up mode) and then choose and talk about the most important one.

- ☐ Accountant
- ☐ Lawyer
- ☐ Banker
- ☐ IRD
- ☐ Applicable government department
- ☐ Consultant in your field/industry
- ☐ Business organisation
- ☐ Business mentor
- ☐ Personal coach
- ☐ Friends
- ☐ Family members
- ☐ Not applicable

Which person or organisation has been the most instrumental in the ongoing success of your business and why?

The

about

you may have faced within your business.

They have been divided into five categories - governance, operation, communication, technology and personal. Please tick all that apply. If something has been a real challenge, please elaborate in the comment box at the bottom of each question.

next five
questions are
the difficulties

11. Governance (tick all the issues that have challenged your business)

- ☐ Health and safety
- ☐ Dealing with government departments
- ☐ Accounting
- ☐ Public liability insurance
- ☐ ACC
- ☐ Lack of governance knowledge
- ☐ Tax/GST/IRD
- ☐ Financial
- ☐ Legislation and regulations
- ☐ Human resources

Please choose the biggest challenge from the issues above (or add your own biggest challenge) and make any comment:

12. Operation (tick all the issues that have challenged your business)

- ☐ Office set up
- ☐ Ergonomics
- ☐ Filing systems
- ☐ Storage
- ☐ Equipment/furniture
- ☐ General lack of business knowledge
- ☐ How to commercialise an idea or hobby
- ☐ Accounting - invoices
- ☐ Training and retaining staff

Please choose the biggest challenge from the issues above (or add your own biggest challenge) and make any further comment:

13. Technology (tick all the issues that have challenged your business)

- ☐ Contacts/databases
- ☐ Software
- ☐ Computers/phones
- ☐ Connectivity
- ☐ Internet speeds
- ☐ Cellphone coverage
- ☐ Cyber security
- ☐ Online safety
- ☐ Market research

Please choose the biggest challenge from the issues above (or add your own biggest challenge) and make any further comment:

14. Communication (tick all the issues that have challenged your business)

- ☐ Work lunches/workmates to talk with
- ☐ Networking
- ☐ Postage/couriers
- ☐ Creation of logo/letterhead/business cards
- ☐ Finding mentors
- ☐ Utilising social media
- ☐ Promotion/advertising/marketing

Please choose the biggest challenge from the issues above (or add your own biggest challenge) and make any further comment:

15. Personal (tick all the issues that have challenged your business)

- ☐ Confidence
- ☐ Specific office space
- ☐ Habits
- ☐ Work/life balance
- ☐ Procrastination without usual office rules/hours
- ☐ Childcare
- ☐ Distractions
- ☐ Shutting the door on the office

Please choose the biggest challenge from the issues above (or add your own biggest challenge) and make any further comment:

Thank you for taking the time to fill out this survey. It is part of a project for the Kellogg Rural Leadership Programme that will be published on its website www.kellogg.org.nz and within the wider primary industry.

As mentioned, all responses are anonymous. If you wish to comment further while still remaining anonymous in the published report, please contact the author, Kate Taylor, on 027 6032200.

To give permission for your business or personal name to be published in the report (and linked to your comments) please enter your details below.

Business name

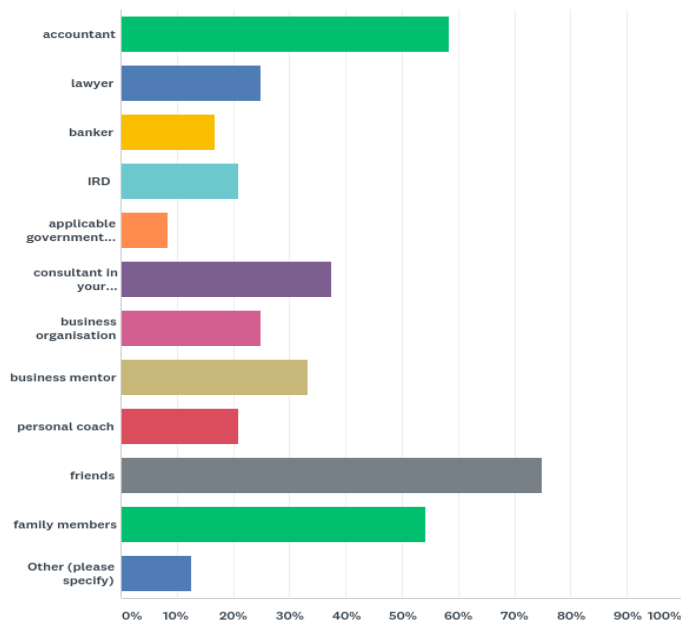
Personal name

Phone number

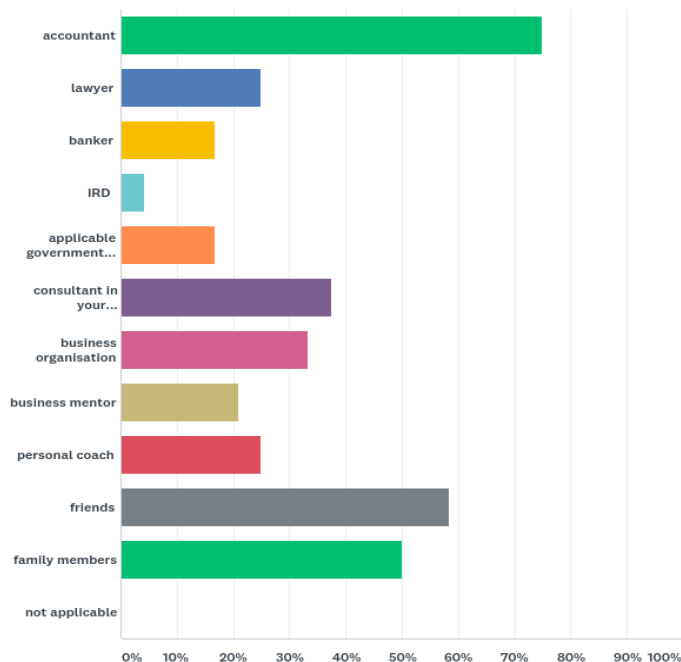
Email

14. Appendix II – Survey answer graphs Q9-Q15

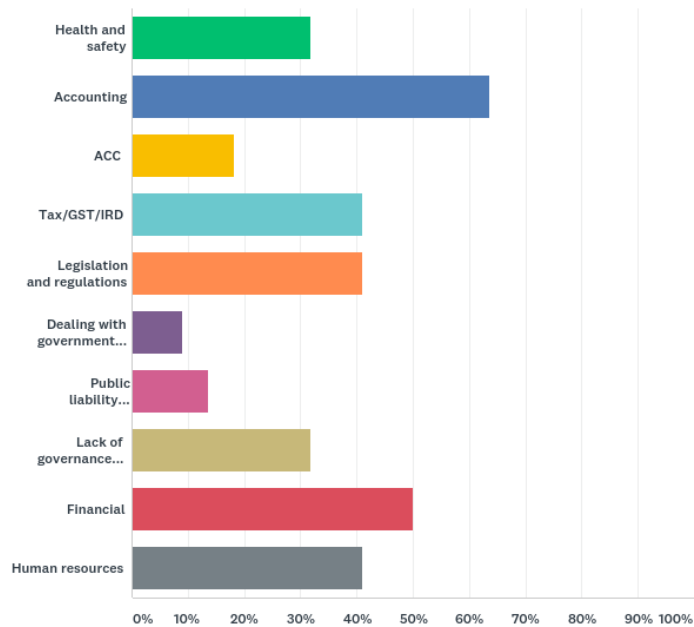
Q9 What services did you go to for advice when you started your business? Tick any that apply.



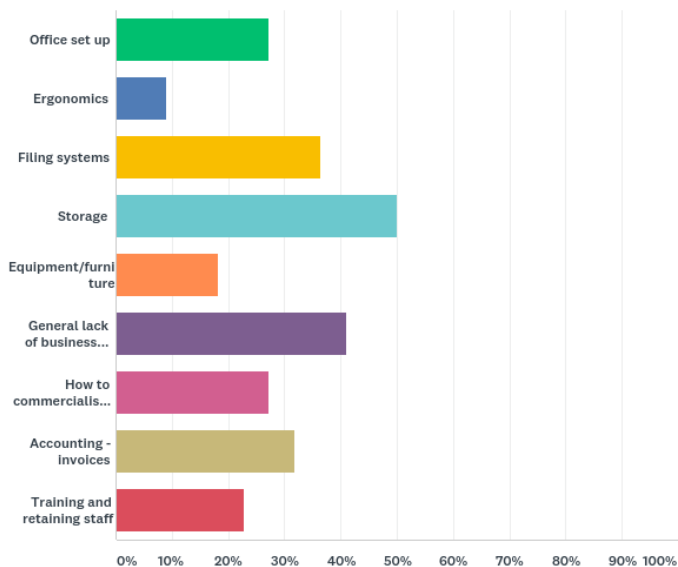
Q10 What services do you continue to use for advice in the operation of your business? Tick any that apply (choose not applicable if you are still in start-up mode) and then choose and talk about the most important one.



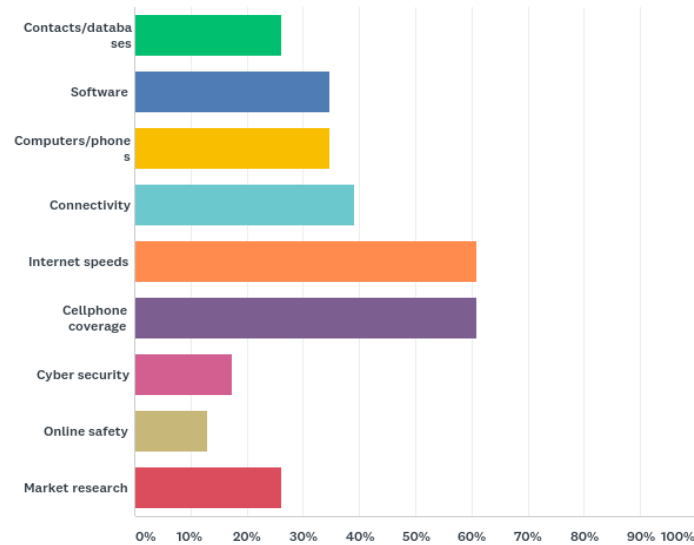
Q11 Governance (tick all the issues that have challenged your business)



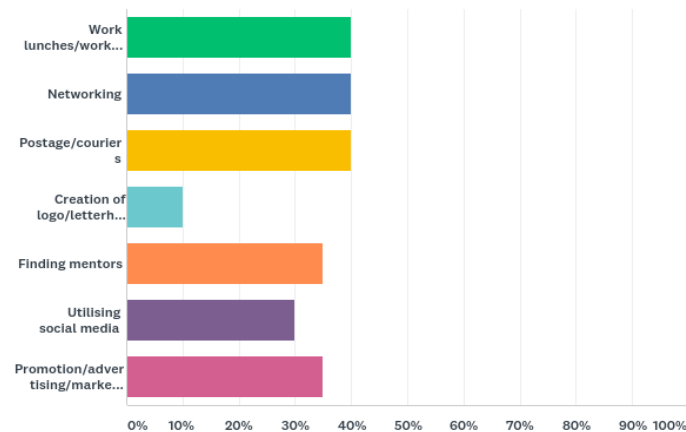
Q12 Operation (tick all the issues that have challenged your business)



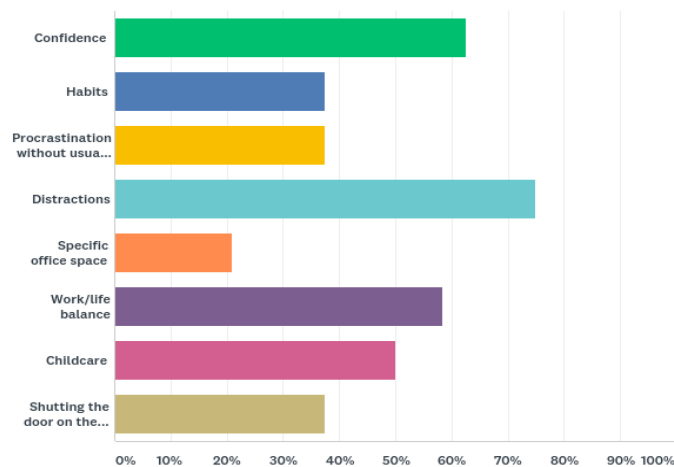
Q13 Technology (tick all the issues that have challenged your business)



Q14 Communication (tick all the issues that have challenged your business)



Q15 Personal (tick all the issues that have challenged your business)



15. Appendix III – How to Start a Small Business

Wade, Alvin (2012). "How to Start a Small Business" (2012). Tennessee State University.

Starting and managing a business takes motivation, desire and talent. It also takes research and planning. Like a chess game, success in small business starts with decisive and correct opening moves. And, although initial mistakes are not fatal, it takes skill, discipline and hard work to regain the advantage.

To increase your chance for success, take the time up front to explore and evaluate your business and personal goals. Then use this information to build a comprehensive and well-thought-out business plan that will help you reach these goals. The process of developing a business plan will help you think through some important issues that you may not have considered yet. Your plan will become a valuable tool as you set out to raise money for your business. It should also provide milestones to gauge your success.

Before starting out, list your reasons for wanting to go into business.

Some of the most common reasons for starting a business are:

- You want to be your own boss.
- You want financial independence.
- You want to fully use your skills and knowledge.

Next you need to determine what business is "right for you." Ask yourself these questions:

- What do I like to do with my time?
- What technical skills have I learned or developed?
- What do others say I am good at?
- How much time do I have to run a successful business?
- Do I have any hobbies or interests that are marketable?

Then you should identify the niche your business will fill. Conduct the necessary research to answer these questions:

- Is my idea practical and will it fill a need?
- What is my competition?
- What is my business advantage over existing firms?
- Can I deliver a better-quality service?
- Can I create a demand for my business?

The final step before developing your plan is the pre-business checklist. You should answer these questions:

- What business am I interested in starting?
- What services or products will I sell?
- Where will I be located?
- What skills and experience do I bring to the business?
- What will be my legal structure?
- What will I name my business?
- What equipment or supplies will I need?
- What financing will I need?
- What are my resources?
- How will I compensate myself?

Your answers will help you create a focused, well researched business plan that should detail how the business will be operated, managed and capitalized.

Making a good product is only the first step. The next — and equally important — step is to sell it. And that means marketing. These four P's should work together in a new business's marketing mix. Selecting an effective marketing mix takes time and effort, but the payoff will be satisfied customers and business profits.

Marketing's Four P's

- | | |
|--------------|---|
| 1. Product | The right product to satisfy the needs of target customers. |
| 2. Price | The right product offered at the right price. |
| 3. Place | The right product at the right price available in the right place. |
| 4. Promotion | Informing potential customers of a product's availability, its price and its place. |