

# EXPLORE

News from the forefront of business research

## Sparking start-ups

### Business plan competition bridges the divide between academia and commerce

Department of Physiology and Bioengineering Institute Associate Professor Simon Malpas at first dismissed the University of Auckland's entrepreneurship challenge Spark as "just a competition." Now, one year on, Malpas and the team from the University's latest commercial venture Telemetry Research are readying themselves for their company's launch in the U.S. in April. Without Spark there might not be any Telemetry Research and there certainly wouldn't be a global launch this April, says Malpas.

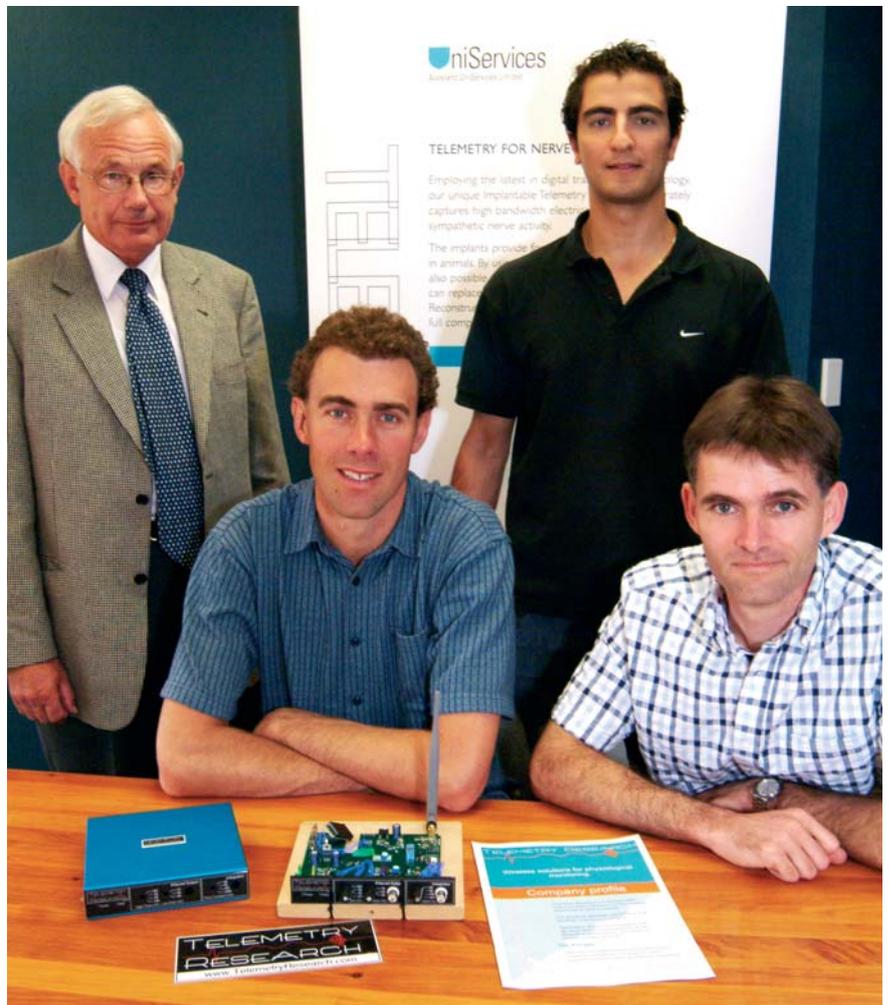
Spark is a student-led initiative open to all staff and students at the university. Individuals and groups are invited to enter one of two competitions: the first, the \$10K Challenge, requires entrants to submit a short summary about an enterprising idea; while the second, the \$40K Challenge, requires a well-considered business plan.

Supporting both competitions is a free Vision-to-Business (V2B) course on starting and building a business, run by Professor Wendell Dunn, Foundation Chair in Entrepreneurship, and supported by the ICEHOUSE, the business incubator. The top 10 finalists for the \$40K Challenge are also put through an extensive training and mentoring process before submitting their final business plan.

Telemetry Research, last year's winner, was formed to commercialise a unique wireless monitoring product, allowing researchers to monitor laboratory animals' nerve signals without them being wired to a machine, Malpas says the mentoring, with "real business people," was one of the most valuable as-

pects of the whole Spark process. "There were so many things that we hadn't understood how important they were, like market validation, for example. It also really opened our eyes to a whole network of people that were offering assistance. We would have been floundering if we hadn't made those contacts."

Now in its third year, Geoff Whitcher, Spark steering committee chair and commercial director of the University of Auckland Business School, says Spark is one of many business plan competitions run by leading universities worldwide to help bridge the gap between academia and the business sector. Spark helps to generate a culture of entrepreneurship by enthusing staff and students about the commercial possibilities of their work, says Whitcher. At the same time—through more than 150 business people involved



Geoff Whitcher, Simon Malpas, Fady Mishriki (Chairman of Spark) and Dr David Budgett.

as V2B speakers, mentors, judges and consultants—the business community is exposed to “the huge pool of talent” at the university, he says.

According to Whitcher, Spark is part of a series of initiatives “designed to foster a spirit of enterprise and entrepreneurship” throughout the university. To become businesses, the ideas Spark generates must be nurtured—that’s where the expertise within the Business School and the ICEHOUSE comes in, he says. Then there’s the need for funding, so the ICEHOUSE established an investment network, the Ice Angels.

“Too many people think there’s a silver bullet to becoming a knowledge economy,” says Whitcher, “and there simply isn’t one. It’s more like a golden chain—a whole lot of initiatives that are necessary, but not sufficient in isolation. To be successful we have to have them all in place.”

Often university staff and graduates are criticised for not understanding business, says Malpas. “Business people think those from academia don’t really know how to make money and that they are not aware of market pressures. Well through Spark they will be.”

*Spark 2005 was launched this month. The deadline for entering the \$40K Challenge is 2 June and the \$10K Challenge, 25 August. Winners will be announced in September.*

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#### Share your research news

We invite the staff and faculty of all New Zealand universities to send us information about current research and development programmes in all disciplines related to business. The Explore section reports on research activities that provide insights for businesses, and provides a forum to inform our readers about research-based programmes and opportunities for involvement. For consideration, please send brief information about projects to [uabr@auckland.ac.nz](mailto:uabr@auckland.ac.nz). All submissions will be considered for our next issue in September, 2005.

## Otago OIL

### Building businesses the Otago way

Otago Innovation Limited (OIL) was set up by Otago University in mid 2002 after the university spun-off Blis Technologies and Pacific Edge Biotechnology.

OIL commercialisation manager Dr Alex Kugelberg says the successful listing of both bioscience companies on the New Zealand Stock Exchange made the University realise it needed a separate commercial entity to manage its investments.

Charged with responsibility for commercialising Otago University’s intellectual property (IP), OIL, a wholly-owned University subsidiary, now has investments in five companies to oversee, numerous licensing agreements and 15 budding potentials awaiting assessment.

One of its latest success stories is the licensing of technology to Keratec: a Christchurch-based biotechnology company set up to commercialise keratin-based technologies. The technology licensed was developed at Otago and seeks to improve bone surgery. Keratec signed a deal last month with US-based Keraplast Technologies to develop orthopaedic and wound-care products for the international medical industry.

Based in the University’s purpose-built biotechnology and information technology incubator, the Centre for Innovation, alongside the University’s Research and Enterprise Office, OIL managers rub shoulders daily with their research colleagues and the University’s budding crop of new businesses, says Kugelberg.

OIL helps the university’s academics commercialise their ideas and the Research and Enterprise office identify potentially profitable technology, often long before it ever sees the light of day, she says. It’s part of the government’s knowledge-economy drive, says Kugelberg. As well as liaising with the business community and identifying lucrative licensing deals, OIL on behalf of the University retains significant

stakes in each spin-off company.

OIL manages the IP for all work developed to a commercial level by university staff, who are also recognised for their research.

“Our aim is to be one of the leading gateways for commercialising New Zealand research,” says Kugelberg. The more companies that come and talk to OIL the better, she says, because it helps her and her colleagues keep abreast of what the industry hotspots are, and where the university can help. “We’ve got some really cool technology coming through and we’re keen to get it out to the world.”

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## Promises, promises

*It’s one thing to promise great value, and another thing to deliver*

If you’re in the customer facing part of an organisation, chances are you’ve felt like the meat in the sandwich from time to time – caught between grumpy, demanding customers and systems that simply won’t let you help them. These issues often stem from deeper, systemic problems within organisations, according to University of Auckland marketing lecturer Vicki Little. “When you’re trying to deliver great value to customers, you need the whole organisation working with you. That means having a culture geared to learning and responsiveness, and having enough of the right physical, human and financial resources. Without all of that it’s very difficult to do a good job for the customer.”

Little says that creating and delivering superior customer value is central to the long term success of any firm: putting your customers first and giving them, and other stakeholders, a reason to value your company. That’s easy to say, but very hard to do, she says.

Driven by questions from her own advertising and marketing background, and from executive teaching, Little’s doctoral research looked at how



Vicki Little

managers think about and deliver customer value. “I was intrigued when I first started teaching to see situation analysis assignments coming in that addressed every conceivable environmental issue, but didn’t look at customers,” she says. “Naturally I assumed the brief was the problem – but no matter what I said, managers still struggled with what customer value was in their industries, and how they did against their competitors.”

She attributed this to managers being too close to the coalface to have an understanding of where the business as a whole wanted to go and so what had to happen to get it there. She says: they focused on the internal needs of the business, paying “lip service” to customers. Many also said they didn’t have the tools, resources or authority to make changes, leaving them disillusioned, she says. “A firm is a system and you’re part of that system – and that’s what you can miss when you’re doing your 50-60 hour weeks. It’s particularly hard on marketers, as we’re trained to be customer focused and often field customer complaints. Not only that, we’re the ones who make the promises, but the problem is that we have no power to keep them or provide

the structures and systems that help others keep them. So we’re often in the line of fire from customers, dodging bullets caused by wider strategic and operational problems.”

In New Zealand’s small market the effects of poor delivery on promises can bite quickly – firms may not get a second chance, she says. All functional managers need to learn to take an “overarching view of their business; a whole systems view,” says Little, and assess whatever they do against the bigger picture. Then they’ll be able to create value for themselves, their customers and the business as a whole, she says.

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## Coding the future

Digital enterprise centre adds new dimension to technological know-how

Based in the Business School, the objective of the University of Auckland’s Centre of Digital Enterprise (CODE) is to conduct research, develop curriculum initiatives, and build relationships with the business community in the general area of digital enterprise man-

agement. It is co-directed by Professor Ananth Srinivasan and Dr Margo Buchanan-Oliver.

As well as running workshops, seminars and forums for business and academics to share knowledge, the centre has an active advisory board, with members drawn from the biggest names in information technology: Hewlett-Packard (HP), Cap Gemini Ernst & Young, Solnet, Woosh Wireless, 24/7 Technologies and Vodafone. One of the most pressing concerns identified by the advisory board was the issue of mobility in a global market - “being contactable any where, any time and being able to send data any where at any time” as Professor Srinivasan says. “The issue really comes down to what this new digital dimension, changes in terms of business practice.”

As a result CODE mounted a Forum on Applied Mobility in October 2004. The forum brought together high-level business leaders, government agencies, academics from the University and researchers from around the world and was opened by the Hon. David Cunliffe (Minister of State, Associate Minister of Finance, Revenue and Communications, and Associate Minister for Information Technology). Fifty high-level participants from business and government agencies heard international speakers and a panel of 11 local industry leaders discuss latest research trends, and the future impact of mobile technologies. CODE is engaged in planning for three major research opportunities which arose from the forum.

Though it’s still early days for the centre, Buchanan-Oliver says CODE has achieved its creation mission, including establishing an e-commerce major and attracting high-level research projects, such as the \$230,000 HP project to develop mobile technologies in learning environments. The focus in the immediate future is to expand the centre’s reach and its networks to other universities and technology centres at home and abroad, she says.

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## Befitting the bottom line

Study puts to rest a 30-year debate on the economic benefits of social responsibility

The debate's been raging for nigh-on 30 years, but Dr Marc Orlitzky, a senior lecturer at Auckland University's Business School, is convinced of the financial merits of corporate social responsibility and has the data to prove it (see page 37).

New Zealand's first Moskowitz Prize winner for outstanding research into socially responsible investing, Orlitzky has analysed more than 50 studies and 33,000 observations spanning back to Nobel Prize-winning economist Milton Friedman's heyday. Friedman was concerned that too much emphasis on social responsibility and too little on shareholder returns would have a negative economic impact.

Orlitzky says his analysis, focusing on the mechanisms that connect social responsibility to a company's bottom line, has put that view to rest.

Overwhelmingly there is a correlation between financial return and social responsibility as long as companies followed a few basic rules, he says. These include ensuring that all corporate giving, social support or environmental best practice is linked directly to a company's strategy and then marketed to all stakeholders. But there's no point simply telling shareholders, customers and staff you have a strong environmental policy, generous social policy or positive employment policy, says Orlitzky, that simply makes them more sceptical. A company must live what it preaches: it has to show them, he says, and then the company will start to realise the effect on its bottom line.

With more than 50% of Forbes 500 companies now producing some form of citizenship, sustainability or environmental report, that go way beyond

mere financial reports, many would say that companies appear to doing just as Orlitzky preaches. But Orlitzky says scepticism abounds.

"I would say that most companies secretly still see it as a necessary evil, an add-on, not an integral element of their business strategy.

"A lot of companies still think in terms of donations, philanthropy, as social responsibility, but that's too narrow." Orlitzky says social responsibility (or as he prefers "social performance") is about going beyond what the environmental rules or the employment regulations say.

If companies adopt better practices they reap the benefits through increased efficiency and heightened reputations, he says. "Think of corporate social responsibility as an investment, just as if you were improving your IT."

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