

Kea evaluation

Final report

David Moore and Bastiaan van der Scheer

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Ministry of Economic Development
Evaluation Team
Level 12, 33 Bowen Street
P O Box 1473
Wellington 6140
New Zealand

Evaluation overview

Kea has grown to the point that it now has critical mass

The Kiwi Expat Association Incorporated (“Kea”) has only recently reached the point at which its membership in many areas is approaching critical mass sectorally and geographically. Statements made by Kea in the past have exceeded its ability to deliver benefit to New Zealand - it has not had the critical mass as an organisation to do what it has undertaken to provide.

We define critical mass as the ability to make a meaningful contribution to New Zealand. In terms of membership number, critical mass within the Kea network varies significantly between expatriate population centres and is also affected by the presence, or otherwise, of a Regional Manager. An individual within a volunteer-led Chapter in particular can also greatly affect its ability to undertake activity so a point of critical mass is not always sustainable.

It is the firmly held view of the majority of people interviewed that the network as a whole has now achieved sufficient numbers of members for Kea to provide benefit to New Zealand in a range of economic, social, and cultural areas. Kea events and activity of a social and/or cultural nature provide strength to the network and allow it to make economic contributions. The evidence supplied for this evaluation suggests that a turning point has been reached and that Kea is now producing benefits for firms.

While Kea provides a valuable offshore network, Kea-initiated services such as an employment website and a mentoring program have been less than successful.

There is evidence that Kea increases the wealth and productivity of New Zealand and New Zealanders

Identification of evidence of benefit is very difficult in a loose-tie network; there is often no “line of sight” of the end activity. However, we have identified evidence of benefit; in particular we have seen a level of evidence of:

- Kea members attributing monetary value to the benefit they receive from Kea. This primarily arose from the survey of Kea’s membership, but was also mentioned in interviews.
- Kea members describing a wide range of commercial interactions that they consider have resulted from or been influenced by Kea. This arose from the survey of Kea’s membership as well as interviews undertaken by the authors of this report.
- The Kea network contributing to domestic economic benefits. Several illustrative examples of the value Kea might provide a firm are presented in this report and its appendices.
- The more closely involved people currently are with the activity being undertaken by Kea, and in particular since the arrival of the Regional Managers offshore, the more positively they perceived Kea and what it has to offer as a “light touch” network. The interviews revealed strong support offshore in most locations by government agencies for the activity undertaken by Kea and its Regional Managers. This support was conveyed to the authors of this report through the evaluation interviews we undertook.

These positive results emerging from Kea activity need to be balanced against the less than successful delivery of the Global Talent Centre and Global Mentor Network as discussed below in terms of their implication for future activity. We see the issue of effective service delivery as separate from the issue of whether or not the networking activity which is funded through Vote Economic Development is providing economic benefit. We also note that the Global Talent Centre and Global Mentor Network (which was a pilot trial only) were privately funded and not the central focus of this evaluation or indeed the focus of positions funded through Vote Economic Development.

Kea is a low cost intervention that might be better utilised

For the reasons set out in the bullet points on the previous page, and given the benefit that we have identified elsewhere in this report, we consider that the investment under evaluation, of \$630,000 per annum for a period of three financial years to 2009/10, is providing value to New Zealand. As Kea attains critical mass and strength within its network it is able to facilitate economically beneficial interactions between its members, and between its members and other networks seeking to advance New Zealand interests.

The value derived from Kea by New Zealand might be increased through better linking it with domestic activity in which expatriates could play a role through the use of the network, where appropriate, by relevant agencies and other domestic actors and firms. At a minimum we consider that there needs to be a more effective interface of Kea New Zealand with NZTE and MFAT in New Zealand in order to provide for ongoing alignment across all relevant activity.

Doing so will require a better understanding of the synergies and relative strengths of different actors offshore. In particular there would be benefit from a clear delineation of areas where Kea can support NZTE; which we note is occurring in isolation at present at the level of Kea Regional Managers or with specific initiatives. The extent of optimal activity levels by different actors and ways in which they might complement each other will likely vary by region, country, and location.

It should also be borne in mind that whereas Kea seeks to interact with its stakeholders by holding social events which are attended by a wide range of people (including high-level stakeholders such as CEOs), other agencies are looking to maintain strong relationships with a smaller group of key influencers. Other networks that have the potential to positively contribute to New Zealand interests are focussed upon a particular segment of the expatriate population (in terms of demographics or professional or academic status), and in some cases expatriates are but one part of the network.

The Regional Manager can be a catalyst for network activity

The role of the Regional Managers in sustaining and growing the Kea network was described as critical to its ability to deliver benefit for New Zealand in a complementary fashion to government agencies and other interested parties. We do note that a converse situation, such as occurred within China, can also arise -where network benefits that might be derived from Kea were reduced by an unsuitable Regional Manager.¹

¹ The contract with the China Regional Manager was not renewed by Kea New Zealand under advisement from the Regional Advisory Board.

We were also unable to identify or assess the value of any activity Kea might be providing outside Regions served by a Regional Manager; however, as Kea events are being held in other countries this is possibly due to the limitations of this evaluation. A limited number of examples were mentioned in membership survey feedback. Examples included exports to Malaysia, and assistance in Vietnam and the Netherlands.

Regional Managers are also facilitating the development of offshore industry and interest groups in areas of strategic interest to New Zealand such as the creative and food and beverage sectors. These groups are all recently formed and issues of complementarity, duplication, and value add are not yet able to be assessed.

The Global Operations Manager and Technology Manager have developed the capability of the “virtual” Kea network necessary to contribute to the activity of Regional Managers and support volunteer-led Chapters.

Challenges and strategic issues for Kea

As Kea grows in scale and potentially scope, its challenge becomes how it will transform itself into a sustainable organisation. This will require a greater level of clarity in the role of Kea and a decision will need to be made on whether to retain Kea as a “light-touch” network or build more capabilities and capacity into it.

In relation to the later option (building more capabilities and capacity), Kea has not been successful in developing its own service offerings to date. The examples of the Global Mentor Network and Global Talent Centre are illustrative of activities where Kea does not appear to have an advantage over other providers. There was feedback that there was a high level of confusion over the Global Mentor Network (and its predecessor) and a lack of capacity and capability to provide for ongoing support of both initiatives.

We therefore consider that there is a real potential for confusion and duplication to arise should Kea be provided increased public resources without a clear mandate. Kea has not proven to have a strength in independent service development and delivery. An example of how Kea might add value to services is found with World Class New Zealand. Irrespective of views on the outcomes of the program, Kea has been successful in delivering and attracting sponsorship to it – with considerable support from, and in alignment with, NZTE. With a clear role and good coordination Kea can add value.

There is a range of views as to whether, or to what extent, public funding should be used to ensure the sustainability of Kea. Neither the previous private-philanthropy model relying upon substantial donations from the founding members nor the current publicly-funded model is considered by us to be sustainable; a middle ground reflecting private and public benefit and maximising the potential for sponsorship that is independent of government funding needs to be reached.

The problem for Kea at present is that should it wish to move to a compulsory membership-fee revenue model it will need to deliver more private benefit to individual members. This was a common comment in membership feedback on their willingness to pay for membership, as a number of members indicated that they had not yet received any benefits from their involvement with Kea.

Our interpretation of the mixed messages from the membership is that those members who make active use of the network gain the most benefit from it. Providing additional (or some level of) benefit to a greater number of members would likely require Kea to provide

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services of some type, and would also necessitate Kea move away from the “light-touch” model that has served it well to date. Additionally, Kea will not be able to recoup expenses related to public good activity.

We consider that there is a real risk (legally and reputationally) in Kea independently entering into anything but a light-touch approach to service delivery without a great deal of thought and careful planning. With a light-touch approach users readily understand that it is at their own risk and not to be confused with professional advice.

Another (or additional) option for Kea is to move towards self-sufficiency through increasing sponsorship and event-related revenue. The former is likely to be curtailed at present due to the current economic climate, with corporate sponsorship of Kea currently declining. In relation to the later, there may be resource limitations on the ability of Kea and its Regional Managers to undertake events on a grander fund-raising scale.

We are not able to quantify total impact

It was not possible to quantify the absolute economic impact of Kea in monetary terms in this evaluation; however, we consider that the level of impact we have identified indicates Kea provides a low cost means of helping deliver economic value to New Zealand through its expatriate community. There is also a range of social and cultural benefits arising from Kea which are beneficial to New Zealand.

We consider that several of the illustrative examples of commercial benefit to New Zealand would not likely have arisen had the Kea network not been in place. Other examples may have occurred as a result of NZTE or other network activity (such as business councils or chambers of commerce). This is consistent with interviewee and other stakeholder feedback about Kea’s ability to act as a focal point for offshore events and activity that would not otherwise arise; the extent to which this is the case will vary by location.

Irrespective of our ability to definitively attribute absolute causation or additionality, economic activity that has been affected by Kea has included the attraction of capital to New Zealand and the facilitation of increased exports from domestic firms. The ability of Kea to undertake activity that is able to influence such outcomes for New Zealand, from quite different Regions of the world, should be considered within the context of the \$630,000 per annum it currently receives for doing so.

On whether Kea is a low cost network and value for money

In relation to our findings on Kea being a low cost network, we note that almost all interviewees had this perspective. Further, there was no suggestion that Kea was significantly duplicating any other networks since the positions funded by the Ministry of Economic Development have been appointed and become active. There were several suggestions that Kea is resource-constrained rather than operating in an inefficient manner. This is not to say that low cost was correlated with value for money in terms of public investment by interviewees.

It was not possible to benchmark Kea against other similar networks as these do not exist. It is our view, given the evidence available to us and our balancing of this, that Kea is a relatively low cost network that provides value for money in terms of public investment. Factors contributing to this view include a small number of staff members being able to catalyse a range of economic, social, and cultural activity around the world; the number of events Kea now holds offshore; its ability to undertake these events and viral promotion

without public funding; its ability to garner private sponsorship for service development; and that it can grow its membership at low marginal cost.

Reducing the number of staff members could allow Kea to exist at lower cost, but as was pointed out by interviewees, the situation before the Vote Economic Development support was provided could be characterised as one of variable utility of Kea, with volunteer-led Chapters that were not sustainable and lent heavily upon MFAT and NZTE support (an indirect subsidy).

Kea could also exist at higher cost, with funded positions within each Chapter and funding for offshore events and its ICT systems - rather than just the positions that support it. As we have noted, this would raise issues of duplication that would need to be carefully managed and also require Kea to move away from the flexible "light-touch" network mode of operation that has served it well to date.

We make no findings on what the optimal levels of public support for Kea would be and this report should not be interpreted as doing so.

Who are our expatriates?

New Zealand, unlike the home countries of many of the world's diasporas is a peaceful and developed nation with an excess supply of skilled migrants wishing to settle on its shores. Most expatriates have left not to escape adverse conditions at home, but to widen their experiences on a more international stage.²

As a result many of New Zealand's expatriates are well educated, prosperous, and successful. An international study published in 2005 found that New Zealand has the highest proportion among developed countries of its skilled workforce living outside the country, and that New Zealand is second among developed countries for its expatriates holding tertiary degrees.³

According to the New Zealand government's population website there were approximately 600,000 New Zealanders living abroad in 2007⁴:

- Australia is, by far, our most popular destination country; the Australian Bureau of Statistics estimates 477,000 New Zealand-born people were living in Australia at 30 June 2006
- Our second most popular destination is the United Kingdom, where 58,000 New Zealand-born residents were counted in the 2001 census
- The United States is the third most popular destination, with about 23,000 expatriates (and another 9,500 across the border in Canada)

² This paragraph draws from Fullilove, M and Flutter, C (2004) *The World Wide Web of Australians*, Lowy Institute Paper 04. Refer also Kea (2006) *Every One Counts Survey Results*.

³ Dumont, J C and Lemaitre, G (2005) *Counting Immigrants and Expatriates in OECD Countries: A New Perspective*, OECD Social, Employment, and Migration Working Papers.

⁴ <http://www.population.govt.nz>.

- An additional 40,500 expatriates are estimated to live in other countries.

Kea currently has a contactable membership of over 25,000 members. Of Kea members who have specified a current country of residence, the highest number reside in the United Kingdom (32%), followed by Australia (23%), and North America (15%). Approximately eleven percent of Kea members reside in New Zealand.

The issue of optimal management of expatriates will persist, despite current economic conditions there is likely to continue to be a continued globalisation of labour. In the year ended January 2009, there were 83,700 permanent or long term departures from New Zealand. This was an increase of 6,000 (eight percent) over the same period ended January 2008.⁵

What value might expatriates provide their country of origin?

Aside from their wealth, New Zealand's expatriates represent a significant amount of human capital, or talent. Talent is a valuable asset and it moves globally. The diversity of expatriate talent, and the potential for connecting networks, can be characterised as:

- Scientific
- Technical
- Entrepreneurial and managerial
- Cultural.⁶

These talent networks typically have a social aspect to bond network members; and some networks (which may not be talent-focussed) have a focus on social events.

While the potential for expatriate networks to contribute to economic development might be significant, and is well supported in theory and opinion, the empirical results internationally are typically disappointing (and empirical literature lacking); often a result of initial enthusiasm that evaporates rather than outright failures.

A central issue to the sustainability and economic contribution of an expatriate network is for it to build tangible results and credibility with its members. However, before a network can make a significant contribution it has to reach a "critical mass" of numbers of people who have an interest in specific areas in which actions can be undertaken. Once critical mass is established, the challenge for the network is to effectively connect with its home country.

The scope and approach to this evaluation

The authors of this report were requested to submit a proposal to evaluate the economic impact of the funding the Ministry of Economic Development has provided Kea in recent years. The funding was primarily for the establishment and maintenance of salaried

⁵ Defined as people having lived within New Zealand for a period of 12 months or more. Statistics New Zealand (2009) *International Travel and Migration: January 2009*.

⁶ Yevgeny Kuznetsov, Y (2007) *How to Leverage Talent Abroad to Benefit Home Countries? Experiences and Results Agenda of Diasporas and Venture Capital Networks*, presentation for the World Bank Institute.

positions for Kea, mostly offshore positions but also in New Zealand. The evaluation does not include funding provided to Kea for its provision of the World Class New Zealand programme.

The scope for the evaluation was agreed by a cross-agency reference group. This scope established a need for a wider, primarily qualitative, study of Kea to be undertaken. The information used to populate this report was gathered through 19 semi-structured interviews undertaken by the authors (some with more than one interviewee) and information provided us by Kea and the project reference group. Several stakeholders also provided us with written responses to our interview questions.

The Kea network itself is of such a nature that much of the activity it facilitates will remain unobserved. Due to this factor and the third party nature of much of the material we have received we have triangulated our evaluation findings from three sources:

- Pre-existing information provided by Kea
- Our interview information and written feedback on its questions
- New information developed by Kea and other reference group members.

New information development included a survey of Kea membership, the Ministry of Economic Development undertaking a number of interviews, and the Ministry of Foreign Affairs and Trade sending a cable requesting information to all of its posts (seeking input both from the post and through it other relevant entities).

Thanks and acknowledgement

This evaluation was undertaken over the month of March 2009.

We thank the Ministry of Economic Development, the Ministry of Foreign Affairs and Trade, and New Zealand Trade and Enterprise, Investment New Zealand, Chairs of the Beachheads Advisory Boards, the Department of Labour, and Kea's membership, advisory board members, and sponsors for their willing assistance with this evaluation within what was a very tight timeframe.

We also gratefully acknowledge the material provided to us by Kea.

Declaration of interest

Professor David Teece, who is resident in the United States of America, is on the Board of Kea and also on the Board of LECG Limited. Dr George Barker, who is resident in Australia and on the Board of Kea, was a formerly a CEO and Board member of LECG Limited (leaving New Zealand in 2002). Dr Barker is no longer affiliated with LECG.

The authors of this report have not been in communication with either Professor Teece or Dr Barker in relation to this evaluation. We have not received any unsolicited information or views from them in relation to the evaluation.

Affiliates of LECG operate as independent experts; both independent from the subject matter and from one another. Individual experts are free to take contrary views and interpretations to one another. LECG reports are the views of the individual experts involved with their drafting rather than LECG as a firm.

New Zealand-based affiliates of LECG Limited have had no professional relationship with Kea since the departure of Dr Barker in 2002. The views in this document are those of the authors of this report as independent experts affiliated with LECG, and are not the opinion of LECG or of other experts at LECG.

For information on this report please contact:

Bastiaan van der Scheer

Telephone: +64 (0)21 132 7871 (mobile) or +64 (0)4 472 0590 (office)

Email: bvanderscheer@lecg.com

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1 Evaluation findings

This summary chapter is set out in accordance with the “Purpose of Evaluation” as modified from the project Terms of Reference by the evaluation Reference Group in the agreed Report Outline of 24 February 2008.

1.1 Our findings on effectiveness

In this section we set out our findings on:

- How Kea’s stated objectives are being achieved
- To what extent Kea is contributing to the government’s objectives for its engagement with Kea, particularly enhancing New Zealand business internationalisation and export growth
- What Kea adds to New Zealand economic development that would not otherwise be achieved and how well it complements other initiatives that build networks that support internationalisation
- To what extent Kea provides a valuable and marketable service for paying members and sponsors.

1.1.1 Kea contribution to government objectives

We have found evidence of Kea contribution to government objectives for business internationalisation and export growth. The evidence largely originates from network activity in Australia and the United States. The evidence from the former may be affected by the level of interest New Zealand firms have in Australia, and the latter due to our focus within the Kea in North America case study on page 50 of this report.

The only examples of domestic firms benefitting from the Kea network in China or the United Kingdom arose from membership feedback and we were not able to verify the examples. We have received anecdotal evidence of benefit resulting in the United Kingdom from interviews but Kea China does not appear to have been successful to date. The Regional Manager post in China being vacant during the period of our evaluation will not have helped our efforts to uncover evidence.

The total value of Kea’s contribution to New Zealand is not able to be quantitatively derived, but over 140 members of Kea have indicated that they had been involved with commercial transactions as a result of Kea. Members themselves attributed over US\$200 million to the value of commercial transactions that have “resulted” from their involvement with Kea.

The one firm we did opportunistically interview directly (m-savvy through an introduction from NZTE) directly attributed \$350,000 of business opportunities being created by their attendance at two Kea events, and that Kea also had an influence on other market sales

and growth in Australia.⁷ Within the limitations of this evaluation we have not been able to pursue examples that have been provided to us in confidence of domestic firms benefiting from Kea in the United States, United Kingdom, and Australia.

We cannot accurately ascertain attribution and causation, but note that only a part of the member-reported activity need be credible to indicate that the Kea network is being put to commercial use to the benefit of the New Zealand economy. Only a few firms such as m-savvy need exist for positive value for money findings to be ascribed to \$630,000 annual economic development funding provided Kea. As a whole Kea has only received over \$1 million in revenue per annum in each of the past two years.

In relation to the five main areas in which the literature in the Annex to this report has indicated an expatriate network can provide economic benefits:

- **The attraction and retention of highly skilled people:** there are some examples of Kea influencing decisions of people to return to New Zealand. Examples resulted from interviews and the Kea membership survey. A limited impact may also be inferred from feedback on the Global Talent Centre initiative.
- **The attraction of foreign investment (and provision of remittances):** there are several examples of venture capital investments being influenced by Kea, remittances were not a focus of the evaluation. Kea has influenced the relocation of at least one company and related investment from offshore to New Zealand. Examples resulted from interviews and the Kea membership survey.
- **Research and innovation links:** links appear to be limited to academic interaction within countries/Chapters; there is no apparent “formal” link back to New Zealand. Advice was provided on an ad-hoc basis in a few venture capital situations and in one example advice was provided to the Foundation for Research Science and Technology. These findings are based upon interviews and Kea membership survey comments.
- **Commercial assistance:** numerous examples were given to us of commercial assistance being provided to Kea members and New Zealand firms. Several members and sponsors attributed export growth to their involvement with Kea. Evidence of this was provided in interviews, the Kea membership survey, and Kea website statistics. There is some indication that benefit may also have arisen from the Global Mentor Network initiative.
- **Information related to commercial opportunities:** there are numerous examples of commercial information being provided to Kea members and New Zealand firms. Evidence was provided to us through interviews, the Kea membership survey, and Kea website statistics.

At present it would be fair to say that Kea has developed an effective communication and information channel targeted at international talent with a social, economic, or professional interest in New Zealand. This is illustrated by the volume of traffic through its network,

⁷ We also interviewed the CEO of Holistics Ltd and present some information derived from that interview in chapter 3 of the report and Appendix IV; but the primary purpose of the interview was to gather his thoughts as a Board Member of Kea.

activity resulting from its website, newsletters, and other communications, and the number of events occurring offshore. The introduction of Regional Managers has been identified by interviewees as crucial to this.

To date Kea has not identified activities and opportunities originating in New Zealand that will encourage global talent to establish and maintain stronger links with the country. Benefits that have arisen have tended to arise through the existence of the network itself (including the events and promotional activity required to build and strengthen it), and the high calibre of many of the people within it. Where Kea has been more proactive in developing and providing services, in areas such as the Global Mentor Network or Global Talent Centre, it is not apparent that stronger links or opportunities have resulted. There is limited membership feedback that indicates some examples of benefit may have arisen.

Kea provides New Zealand-based organisations and talent with a vehicle for establishing commercial or professional contacts in global markets. However, the extent to which New Zealand takes advantage of Kea is open to question and an area in which greater efforts might be made. Efforts might be made by Kea New Zealand and by other domestic entities.

1.1.2 Kea's economic additionality

Quantifying Kea's net economic impact and taking account of (economic) additionality was not possible in this evaluation given the sophisticated and resource intense (econometric) analysis that would have to be carried out, and may not be feasible in any case. However, we consider that Kea provides a low cost means of delivering economic value to New Zealand through its expatriate community. It is able to supplement its public funding through sponsorship and other revenue-raising activity. It also leverages off its volunteers and the underpinning network is very scalable at low marginal cost.

It is clear from the comments of offshore interviewees that Kea is not duplicating other New Zealand oriented activity (either of government agencies or private/NGO entities) to any great extent, and that most of its activity is considered complementary to that undertaken by other actors. Kea appears to actively manage relationships to build synergy with government agencies or where there is the possibility of them closing out other entities (such as a chamber of commerce).

Although other privately-funded networks were not interviewed MFAT and NZTE officials overseas did not consider there to be significant duplication of effort with such entities within their territories. Feedback from a University Alumni coordinator and

interviewees who are also involved with other networks (such as the New Zealand Institute of Chartered Accountants in London or the Kiwi Club of New York) suggest there is no duplication of effort, with Kea providing them access to a wider range of members or having a different membership profile or organisational purpose. Kea may draw upon their membership, but the reverse is also true and it is considered to be of benefit to both organisations rather than a case of duplication.

A finding that Kea is facilitating events offshore that would not otherwise occur is consistent with interviewee and other stakeholder feedback about Kea's ability to act as a focal point for offshore events and activity that would not otherwise arise. We are not able to categorically state that the examples in this evaluation that have arisen through Kea events and other activity would not have occurred as a result of NZTE or other network

activity, or that the firm involved would not have achieved the same end result but over a greater length of time. What is certain is that the firms themselves, and Kea members, consider that Kea is adding significantly to their commercial activity in export markets.

Irrespective of our ability to definitively attribute absolute causation or additionality, economic activity that has been affected by Kea has included the attraction of capital to New Zealand and the facilitation of increased exports from domestic firms.

1.1.3 Kea's other contributions

It has become apparent over the course of the evaluation that social and cultural aspects of engagement with expatriates cannot be isolated from economic engagement. Social and cultural events and activity within Kea Chapters were considered by all interviewees to help build stronger bonds for the economic engagement that is now the focal purpose for Kea. Several interviewees considered that the focus on holding events for business reasons rather than for their own sake has been accentuated since the arrival of the Regional Managers. The point was also made that, irrespective of what the end game for the event was, many events provided social and cultural benefits in their own right.

Isolated examples of other contributions have arisen in relation to scholarships and the support overseas of touring groups, teams, and artists; but the potential for expatriates to add value domestically is greater than is being realised at present. Most of Kea's efforts in this respect accrue to overseas members rather than back to New Zealand.

In order for New Zealand to better benefit from the potential of the expatriate network to provide social and cultural contributions, a deeper level of engagement with Kea might be undertaken by agencies that promote social and cultural activity. As with economic contributions, there will need to be a level of realism about what Kea can practically provide under different mandate and revenue scenarios.

1.1.4 Kea's ability to provide a valuable and marketable service

A quarter of Kea membership survey respondents indicated that they would be prepared to pay some form of membership fee but many caveated this with the need to derive greater personal benefit as a result.

This correlates with interviewee feedback, which considered that much of the benefit from Kea is derived from their contributions to third parties, and also involves significant uncertainty of return to a person or firm on any upfront outlay – identifying a need for ongoing public support that we did not fully explore within the limitations of this evaluation.

Entering into a payment for service model would require Kea to move from a light-touch network to one in which formalised processes and the necessity to meet accountability/legal requirements would negate much of its current value. It may also detract from its *raison d'être* as a largely volunteer-centred low cost expatriate network.

A fee for service model would also necessitate Kea focus on finding domestic clients rather than growing and maintaining its offshore membership.

Kea now holds a number of events offshore (for example one event every 4-6 weeks in North America), it has the ability to undertake these events and viral promotion without public funding, garner private sponsorship for service development, and grow its membership at low marginal cost. Revenue for staff salaries remains problematic.

1.2 Our findings on efficiency

In this section we set out our findings on:

- How the level of funding compares with that for similar programmes when taking into account the impacts they have on the New Zealand economy
- Whether Kea has increased in efficiency
- Whether progress is being made towards self-funding.

1.2.1 Direct comparators are not present but value is provided

Two examples provided in this evaluation of firms that have benefitted from the existence of Kea are of m-savvy and Holistics; although the later was influenced by Kea before Kea received government funding it is still illustrative of the value that Kea can provide New Zealand. We were also provided a number of other examples of where Kea made a contribution to facilitating a positive economic outcome.

Kea also acts in an efficient manner by applying different operational models to each of its Regions. This is in part to reflect local circumstances, but had the dual effect of providing the type of assistance most needed for those firms or people wishing to do business in the Region. For example, in:

- Australia, Kea offers membership of ready made business networks for all firms. There is no Beachheads in Australia. The networks are able to help generate revenue for exporting firms or assist with their expansion into the market.
- The United Kingdom, Kea provides market information, introductions, and a level of support but cannot act as a bespoke business network in each individual's circumstances due to the level of specialisation in London. It can also help connect the large number of different NGO networks in order to attain critical mass for events or other activity.
- North America, the depth of New Zealand-focussed activity in different locations varies widely, and Kea is able to add value both as a specific business network in niche areas, as well as providing a presence where other New Zealand agencies or networks are not present but there are nevertheless a number of expatriates and friends of New Zealand.
- China, the limited information we were able to gather indicated that the cultural differences and lack of representative business organisation allow Kea the opportunity to add a great deal of value through taking a more representative role and providing fairly basic information on how local situations work (or don't work). We note that relationships between the Regional Manager and other actors in China were not optimal and the position was vacant over the period of our evaluation.

The "light-touch" electronic aspects of Kea (website, newsletters, and emails) are also a low cost way for people to communicate, network, and be informed about opportunities, issues, events, and New Zealand. The differing models under which Kea operates in different Regions illustrate that what Kea is best able to provide will vary by country and even cities within countries.

1.2.2 Progress to becoming self-sustaining has stalled

There has been significant growth in the number of self-administered Kea Chapters. However, the ability for Kea Chapters and in particular Kea New Zealand to become financially self-sustaining is limited in the current economic environment. As discussed below, the situation for Kea Australia is different and it has made good progress towards becoming entirely self-sustaining. The wider Kea Group will not be able to meet its funding targets for becoming self-sustaining.

Kea New Zealand's reliance upon sponsorship related to World Class New Zealand as a major revenue source is of concern to us. As with all funding, it is contingent upon continued government support for the program, and a more diversified mixture of revenue sources would allow Kea New Zealand to be surer of its future.

Regional event sponsorship and ticket sales for the wider Kea Group appear to be stable in the current environment. However, these revenue streams will not likely be able to cover the cost of the Regional Managers who are integral to continued engagement within and by volunteer-led Chapters. They also do little to support New Zealand.

Kea Australia is a separate legal entity from Kea New Zealand and reported a profit in the last financial year. Aside from half the salary of the Regional Manager it is entirely self-supporting. The view of Kea is that the current sponsorship environment for Australia is stable, and that Kea Australia may soon become entirely self-sufficient.

The situation in relation to sponsorship and Australia is not likely to be easily replicable in other markets due to the sheer number of New Zealanders living in Australia, and its attractiveness as an export market for the New Zealand firms that are Kea's primary event and regional sponsors.

1.2.3 The marginal cost of growing Kea is low

As Regional Managers have only recently come into being the extent of any increased efficiency that may have resulted from them is yet to become fully apparent.

However, Kea itself (staff and information systems) is very scalable in that increased membership numbers and activity do not result in proportionally increased costs as most costs are fixed.

1.2.4 Greater levels of self-funding is problematic

Events organised by Kea are already moving towards a user-pays model with sponsorship covering any deficit. The level of paid membership is fairly low.

However, individual members receive no extra benefit from paying for membership, so this is not too surprising - access to unrestricted aspects of the Kea network is open to all members⁸.

⁸ With the exception of the WCNZ Network and Global Mentors Network, which are restricted irrespectively of whether or not a member has paid for premium membership. However, there is no requirement to be an Individual Premium member to participate in WCNZ or Global Mentors.

As we have already discussed, moving towards further cost-recovery from membership will be problematic unless Kea is able to offer services that provide higher levels of benefit able to be captured by individuals and specific firms. Kea has not had success in the area of service delivery for private benefit. Undertaking gala fundraising events may provide a partial solution.

It is very unlikely that Kea will meet its target for fifty percent private funding of each Regional Manager position by the end of 2009. Further increases of 10% each year up to 70% private funding of Regional Manager positions by 2010 are even more doubtful.

Kea is achieving the 2008 private-funding goal for the Regional Manager in Australia, and it is possible that complete private funding of the position will be possible within the 2010 timeframe (targets will be exceeded). As membership is paid to Kea New Zealand through the Kea website the self-funding in Australia is not linked to paid membership but to the sponsorship mentioned in section 1.2.2 above.

2 The Kea network

2.1 Overview of Kea

2.1.1 Description of Kea's strategic direction

Kea's vision is for New Zealand to leverage the value of its diaspora and be widely recognised as the most globally connected small nation.

Kea's mission is to facilitate the sharing of knowledge, contacts and opportunities amongst New Zealanders around the world - connecting New Zealand's large global talent community to enable them to contribute to the growth and prosperity of New Zealand and New Zealanders.

Kea's four primary objectives are to:

- Develop an effective communication and information channel targeted at international talent with a social, economic, or professional interest in New Zealand
- Identify activities and opportunities originating in New Zealand that will encourage global talent to establish and maintain stronger links with the country
- Develop a growing network of self-funding, self-administering Kea groups in areas of economic and strategic importance to New Zealand
- Provide New Zealand-based organisations and talent with a vehicle for establishing commercial or professional contacts in global markets.

Kea seeks to serve three core stakeholders groups:

- Overseas New Zealanders: providing access to knowledge, contacts and opportunities through Kea network membership and Kea events
- Domestic New Zealanders, their businesses and organisations: providing channels to access and leverage the knowledge, talent, contacts and opportunities of Kea members around the world
- New Zealand government: providing an important additional route to reach and access talented New Zealanders around the world.

Kea can be characterised as a loose-tie network; where membership and participation is on an informal and voluntary basis. The bonds within such a network are primarily social and cultural and characterised as "weak". Members do not participate for legal or familial reasons; although members receive benefit a primary motivation is not financial reward. "Strong" bonds are primarily seen within legal institutions such as a joint business venture or contract for services.

2.1.2 Kea's people

Kea's executive team is comprised of:

- Ivan Moss, Chief Executive

- Kathryn Bryant, Australia Regional Manager
- Geoff Andrews, North America Regional Manager
- Anna Groot, United Kingdom Regional Manager
- A vacant position for the China Regional Manager.

In addition to the executive team Kea has a full time WCNZ Network Manager, a full time web administrator, and three contractors who vary from 0.1 to 0.6 FTE each. The Kea Board, Regional Advisory Boards, and local organisers are volunteers.

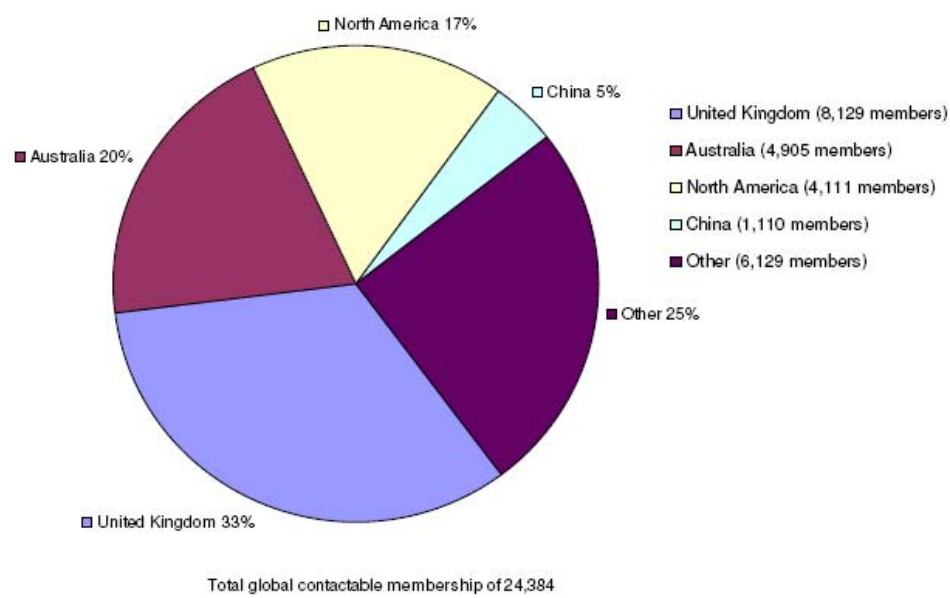
2.1.3 Kea's membership

Kea's membership includes both New Zealand citizens and friends of New Zealand in more than 170 countries around the world.⁹

Kea total membership growth		
	Total membership	Membership growth
2006/07	20,506	11.1%
2007/08	24,009	17.1%
2008/09 (Est.) ¹⁰	29,421	22.5% (YTD)
Kea contactable membership growth		
	Contactable members	Contactable members' growth
2006/07	18,251	7.6%
2007/08	20,621	13.0%
2008/09 (Est.)	24,384	18.2% (YTD)

⁹ All members joining Kea are contactable by other members within the network. There is a legacy of "non-contactable" members from Kea's "Every One Counts" and "Every Vote Counts" campaigns. These are people who Kea has permission to contact, but have not moved to full Kea membership. These members receive emails, but cannot communicate directly with other Kea members through the database.

¹⁰ Based on actual membership for the period ending January 2009.



Pie graph: Kea number of contactable members - projected to 30 June 09

Country of residence for Kea members (31 January 2009)		
Country	Total members	Contactable members
United Kingdom	7,960	6,683
Australia	5,829	4,431
North America	3,800	3,462
New Zealand	2,739	2,389
Europe	1,865	1,673
North Asia	1,250	1,121
South Asia	622	554
Middle East	452	412
Africa	176	133
South America	102	94
Caribbean	64	55
Oceania	61	49
Unspecified	3,442	2,995

2.2 Kea's coverage and capabilities

2.2.1 Kea Chapters and sector groups

Kea is a loose-tie network of members that are supported and developed both through events held by Kea around the world and a virtual network supplied by Kea. Kea has a head office in Auckland and four overseas offices in Sydney, Shanghai, New York, and London. Each regional "office" houses a manager working either from an office or from their home.

There are also local volunteer-led "Chapters"¹¹ of Kea in Beijing, Brisbane, Canberra, Chicago, Melbourne, France, Los Angeles, Middle East (Dubai), New England, the Netherlands, New England (Boston), San Francisco, and Toronto. Further plans are underway to open new volunteer-led Chapters in: greater Washington DC, South Africa, Manchester and Germany.

When people join Kea, they can select up to five sub-sectors that they work in or have experience in. The website maps those sub-sectors into parent sectors and shows the number of members in each parent sector, being:

- Bio-technology (479 members)
- Creative (1,515 members)
- Finance & Investment (1,461 members)
- Food and Beverage (635 members)
- Forestry and Wood Processing (83 members)
- Information and Communications Technology (1,846 members)
- Manufacturing (748 members).

2.2.2 The establishment of special interest groups

Kea currently has two sector-specific interest groups active in the United Kingdom, the:

- IT & T Networking Group
- Creatives Networking Group.

For details of group membership refer to Appendix IX on page 92. A Science Networking Group is also being developed in the United Kingdom. As with the United States examples mentioned below and discussed in the North America Case Study on page 50, the groups have only been recently formed. Both the IT & T and Creatives Networking Group seek to develop a nucleus of Kea activity in areas that are of strategic economic

¹¹ A chapter provides a hub for Kea-related activity and events that require or benefit from a physical presence. Regional managers support the development of new volunteer-led chapters as well as building the chapter in their host city.

importance to New Zealand. Due to their recent formation it is still too early to tell whether or not they will have the desired effect.

In North America interest groups have been established for:

1. Cultural issues and events network
2. Social issues and events network (to be linked with the Kiwi Club in New York)
3. Academic issues and events network
4. Philanthropic issues and events network (some with education link)
5. Business issues and events network.

Each sub-network has a Board Member providing active oversight to it. The director will also inform the Regional Manager of upcoming situations that might provide the basis for an event; such as the arrival of a public dignitary, celebrated artist, or industry leader. As with the United Kingdom, the establishment of the sub-groups is recent, and it is not yet certain whether or not they will be sustainable or catalyse any increased levels of activity.

Assuming the groups become functional and are sustained, the business issues and events network will be of the most relevance to the economic impact of Kea. The other groups may help build the strength of the network as a whole so have the potential to provide economic benefit through the support of creative services exports (for example increasing the export revenue derived from a band or artist). Philanthropic issues and events could possibly channel money to New Zealand. Academic links have the potential to contribute to research commercialisation.

A sub-group of the North American business interest group is food and beverage; which is discussed in the North America Case Study. The sub group has not been well utilised to date; possibly because most of its members are already active in the sector in North America, rather than New Zealand-based companies seeking market entry. As with the group of which it is a sub-part, it is also recently established so more time might be required for it to find its feet.

“Across the dITCh” provides a quarterly series of events in Australia for ICT executives and managers with trans-Tasman connections. There is some evidence from sponsors and Kea membership that the events are well attended and result in commercial activity.

There is also a global network Nukuao, which is a global Maori network seeking to provide benefit for Maori firms. Nukuao is a collaboration between Kea New Zealand and the Hui Taumata Trust. The effect, if any, of Nukuao to date is uncertain.

2.2.3 Approach to different Chapters

Chapters help to bring a physical presence to Kea's community, providing a focal point for the activities of New Zealand expatriates and friends of New Zealand. They organise and host events and functions to allow members of the Chapter, friends, and visitors from New Zealand to network in person. A Chapter can also assist regional managers by providing a contact point for people seeking assistance.

Kea explains that one of its key learnings to date has been the need for each Chapter to reflect the diversity of its membership and wider community and location within which it operates. Each requires an approach to reflect the local situation and circumstances in the host country.

The size and membership of Chapters vary; from larger and more disparate groups in the United Kingdom and Australia to smaller groups of especially talented people (senior executives and high achievers) in China, Continental Europe, and North America. Critical mass for the initiation of a Chapter varies widely as a few committed individuals can initiate a Chapter. The number of members required to sustain a Chapter is not yet certain as the introduction of Regional Managers will have affected this and individual volunteers that are critical to its success may move on. There are also a number of volunteer-led Chapters in Regions that do not have a Regional Manager.

2.2.4 The Global Mentors Network and the Global Talent Centre

The Global Talent Centre and the Global Mentors Network are two self-developed initiatives that were intended to provide services to members and in the case of the former stimulate higher levels of benefit for New Zealand firms through the Kea network.

Kea Global Mentors Network

Kea Global Mentors Network (formerly Venture Mentor Network) was initially launched in May 2007 with over 85 mentors, 13 companies looking for assistance, and over 100 interactions monitored in the first few weeks following its launch. With the departure of Simon Brown at the end of June 2007 the programme was put on hold.

In May 2008, Kea appointed a full-time project manager to run a Global Mentors Network pilot project to provide business and commercialisation opportunities with self-initiated access to international mentor networks. The pilot ended in December 2008 and information from the pilot programme is yet to be delivered by the contractor.

Kea Global Talent Centre

Kea's Global Talent Centre was launched in October 2006 as an online job and career service linking talented individuals with employment opportunities at home and overseas.

It was developed in partnership with employers, recruiters, and media as a first step to creating a global New Zealand-oriented HR platform to:

- Provide New Zealand recruiters and employers access to top-level international talent
- Provide individuals access to career opportunities in New Zealand and with New Zealand-related companies offshore
- Keep New Zealand's expatriate community aware of New Zealand throughout their career cycles, throughout the world.

Registration is open to all professionals looking for roles with a salary exceeding NZ\$80,000 or equivalent. The only prerequisite is a desire to work with Kiwi people and Kiwi companies either in New Zealand or around the world.

Figures on current membership of the Global Talent Centre are set out in the table below.

Global Talent Centre (membership as at 26 February 2009, provided by Kea)			
Country	Recruiters	Employers	Candidates
Australia	17	13	254
China	1	3	78
New Zealand	86	106	875
North America	1	14	305
United Kingdom	10	16	514
Other	7	21	536
Total	122	173	2,562

2.2.5 World Class New Zealand

The World Class New Zealand Programme (WCNZ) was established in December 2001. It is an initiative that aspires “to build an innovative New Zealand by effectively tapping into the knowledge, expertise and networks of world-class New Zealanders and ‘friends of New Zealand’ around the globe.”

NZTE and Kea are jointly responsible for developing and managing WCNZ; which currently comprises two parts: the WCNZ Awards and WCNZ Network.”

Although WCNZ funding is not part of this evaluation we have briefly discussed WCNZ in section 3.6.1 of this report as the Kea network itself might be considered a cost effective vehicle for delivering such programs where they are aligned with other actors.

The total value of NZTE’s WCNZ contract with Kea is currently \$420,000 per annum.

2.2.6 Global Operations Manager and Technology Manager

The positions of the Global Operations Manager and the Technology Manager are funded by the Ministry of Economic Development. The Global Operations Manager position is shared between the Kea CEO (0.4 FTE) and a contractor (0.6 FTE). A full description of both roles is contained in Appendix X on page 94.

The Global Manager Operations undertakes governance and administration oversight for Kea New Zealand and the Wider Group, communication with Regional Managers and to volunteer-led Chapters not served by a Regional Manager, and relationship management with other international or overseas networks and actors focussed on activity beneficial to New Zealand, or New Zealand’s domestic interests in relation to expatriates.

Direct reports include Kea's Regional Managers based in the United Kingdom, China, Australia, and North America.

The Technology Manager also funded by the Ministry of Economic Development is primarily responsible for Kea's website management, electronic member communications, and website development.

Kea acknowledges that ICT advances quickly and their systems will need to be kept abreast of what is available and trends in social networking. A revised system will be launched mid 2009 to bring Kea's virtual network up to date and better link it to other networking systems such as Facebook and LinkedIn. Due to the service-provider cost of updating web pages or embedded elements of Kea's communications system the virtual network has not been updated recently.

Kea explains that this is because the system has been (and is being) redeveloped offline using sponsorship and non-financial contributions from members. It is hoped that when launched online the system will enable Kea to improve its communications reach to new and existing members. It is also intended to increase the productivity of Regional Managers by automating or "self-servicing" (for members) some of their current activity. This is also intended to help allow for increased member participation and activity in the "virtual" Kea network and strengthen its "light-touch" capabilities.

2.2.7 Kea online

The recent activity of Kea online is primarily driven by the Global Operation Manager and Technology Manager. Since the launch of its website in 2005 Kea has published 441 news articles, provided 202 success stories to its members, listed 264 company profiles, provided 178 promotional opportunities for 71 different companies, and linked to 869 events.

The website also allows members to contact "contactable" members around the world and search the database of all contactable members. There are also links to the Global Talent Centre and Global Mentor Network.

The current website is considered dated, and although members are viewing more pages for each unique visit (a gradual trend up from 3-4 visits over the second half of 2007 to 7 pages per visit in January 2009) the total number of visits has remained relatively stable, with monthly variations from 16,000 to 39,000 visits per month in the past year and a half (with a slight downward trend).

Kea has not been updating embedded aspects of the website recently in anticipation of the launch of the new virtual network in mid 2009.

The table below depicts member to member contacts made through Kea's website since its launch in July 2005.

Kea website "member to member" contacts	
Member to member contacts	7,347
Unique senders	1,411

Unique recipients	3,548
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The table indicates that, at an absolute minimum the Kea network has been used by 1,411 members to contact 3,548 of the network's contactable members on 7,347 occasions. We note that the website is only one of the means by which members can contact one another or network. Contact can also be made directly outside the system or be facilitated through Kea employees.

The types of contact made through the website, and trends over the past four years for different categories of contact, are set out in Appendix II on page 64. The data for last financial year has not been annualised. As of 24 February 2008 there had been:

- 383 access to peer network requests
- 87 local/regional market advice/knowledge requests
- 270 requests for information
- 75 sector advice/expertise requests
- 311 special advice/expertise requests
- 416 "other" requests.

Assuming the current figures can be annualised, the overall number of "member to member" contacts is down significantly on last year. A range of factors may have affected this, including the obsolescence of the current system, a lower level of promotion of the virtual network while it is being upgraded offline, the introduction of

Regional Managers who can make direct connections, member to member contact and sharing of details at Kea-hosted events rather than on the virtual network, or it might be reflective of an overall slowdown in economic activity. The contact figures for 2007/08 may also be an outlier related to the unfolding of the economic crisis or other factor(s).

2.3 The funding agreements

2.3.1 An initial agreement to develop capability

On 30th October 2006 the Ministry of Economic Development agreed to fund the development of specific capabilities by Kea.

The Ministry of Economic Development provided \$250,000 in instalments to 30 June 2007 for the funding of three managers; a Technology Manager, a Global Operations Manager based in Los Angeles, and a 0.4 FTE UK Regional Manager for a period of nine months.

The objective was to develop the informal network of expatriates and link them with the offshore activities of the government. It was further intended that links would be built from the network back to New Zealand, and that Kea would identify and pursue opportunities to leverage the network to meet government economic objectives.

This was to be done through:

- The development of network infrastructure
- The operation of Chapters in strategic offshore locations
- The active enrolment of new members
- The provision of information on government priorities and initiatives to members
- The development of an explicit strategy for linking expatriates with New Zealand firms and organisations
- Kea becoming an umbrella organisation for other New Zealand-related organisations around the world.

It was also agreed that Kea would continue to seek and obtain private sector backing and funding through sponsorship and membership fees.

2.3.2 Multiple-year support for Kea managers

On 17th July 2007 the Ministry of Economic Development reached further agreement with Kea, this time to provide salary support for the full time employment of: one Technology Manager, one Global Operations Manager, and a number of Regional Managers within a fixed budget (up to six 0.4 FTE managers). This was for the three years 2007/08, 2008/09, and 2009/10.

The context of international connections, both with New Zealanders and foreign nationals who might be friends of New Zealand, was heightened in the agreement.

Mention was made for the first time of providing support for a specific government program, World Class New Zealand, which is provided funding through NZTE. Kea's Venture Mentor Network and Global Talent Centre were also identified as relevant to the role of Regional Managers.

It was further intended that Kea would:

- Provide in-market connections for New Zealand businesses
- Advocate for New Zealand business offshore
- Promote New Zealand
- Increase links between Chapters
- Connect Kea events to prominent offshore events
- Provide the Ministry with market intelligence/connections
- Disseminate information on behalf of the Ministry
- Help in the event of a consular crisis.

There was an expressed desire for Kea to move towards private-sector sponsorship: a target was given of fifty percent private funding of each Regional Manager position by the end of 2009.

3 Commercial and other impacts of Kea

3.1 Overview of findings on economic impact

The purpose of this chapter is to present summarised information on the economic impact of Kea, including tangible and non-tangible benefits that have been identified over the course of the evaluation. We wish to emphasise that significant NZTE efforts and government funding have also contributed to the success of the firms, and Kea members themselves (corporate or people within firms) are the critical factor to success.

After considering the views expressed in interviews, the Kea in North America case study on page 50, and the other information set out in this chapter we make the following findings:

- Kea provides a low-cost network that is primarily focussed on “light-touch” business networking for its members and other interested parties.
- Kea also provides a channel for New Zealand people, firms, agencies, and other networks to access its members, and through them, the members of their personal networks. Firms that appear to receive the greatest benefit from Kea are those that are not yet ready for Beachheads or other NZTE assistance. The extent to which Kea is actually used by these firms and other parties is uncertain but there is a strong suggestion from interviewees that it could be greatly improved.
- Where Kea has developed its own service offerings it has had less success than as a light-touch network. Its service development and delivery has at times caused tension between it and NZTE (in relation to delineation of role in relation to Kea Global Mentors and Beachheads).
- Kea has been able to deliver World Class New Zealand effectively and efficiently, and is able to attract good levels of sponsorship for the award ceremony.
- Kea appears to be creating a range of social and cultural benefits in addition to economic outcomes. As with its business network, greater use might be made of Kea to link potential benefits back to New Zealand.

The information gathered within the timeframe of this evaluation indicates that the level of value being realised for firms and other New Zealand focussed networks outweighs the level of public investment in it. Although the economic value cannot be defined in absolute terms, the investment under evaluation is \$630,000 per annum for a period of three financial years to 2009/10. Much of the commercial value that the members of the network might create would not be in the line of sight of people who were interviewed during this evaluation.

Many Kea members who provided comments in their survey responses indicated that they had provided market information or other advice to New Zealanders but were not able or willing to put a value to this. Several also commented to the effect that they considered benefits would arise in the future; either to themselves or others.

A few survey respondents also included examples of attempted transactions that had had the potential to result in business of benefit to New Zealand but that had not done so to date - not everything attempted through Kea works out. Some were also disappointed with

the lack of benefits from their involvement with Kea. It appears to the authors of this report that only members and sponsors who are active within the network and its events gain commercial benefit from it. Kea primarily provides an opportunity that can take time to realise financial benefit from.

3.2 Findings on value – Kea in North America case study

As a part of the evaluation we undertook a more detailed investigation of the activity occurring within a single Kea region. The case study is presented at the end of the body of this evaluation report at page 50.

The more detailed illustrative examples of commercial activity set out in Appendix IV (starting on page 66) were developed from information provided by Kea, firms directly, or resulted from information gathering by the authors following on from an interview.

- Kea members provided researchers with advice in relation to the commercialisation of a research discovery. Kea members also assisted the resulting company, Anzode Inc, access venture capital. The Anzode Inc example illustrates how Kea can help facilitate access to offshore commercialisation knowledge and venture capital in ways that are beneficial to New Zealand.
- Holistics is a firm that relocated to New Zealand to take advantage of business networks developed through its founders' association with Kea. The example illustrates how Kea's network can provide an attraction back to New Zealand for successful people or firms that are based overseas. Without Kea's activity in 2002-2004, the company founders would not have had the opportunity to establish the New Zealand business contacts that encouraged them to return to New Zealand. Without a Kea event held several years ago they would not have met the person at a major Australian company with whom they are now pursuing a contract.
- Kea members also readily provide advice to firms on local market conditions and facilitate access to agents or employees, as illustrated in the IBEX Technologies example and the advice provided to a United States retailer. In this example Kea accessed its network to provide access to suitable agents for the firm's expansion into North America and explains that Kea is "an extremely valuable source of contacts and information".

Kea's North American members are both able to provide advice or information directly to other parties, or are able to link other parties to more appropriate people within their personal networks. Examples of the economic value include the facilitation of events and other activity that benefits sponsors and members.

In the BBQ example Kea members received television advertising through Kea event sponsorship that built upon the Indy Car success of Scott Dixon; the Regional Manager in particular worked to make the event a success. There are also examples of investment decisions being influenced by the existence of Kea. Finally, Kea members provide firms a receptive market for New Zealand goods and services (initial inroads into export markets), as well as well as referrals to other possible clients/customers in their market.

All manner of firms (industry and size) appear to be able to benefit from Kea if they are willing to constructively engage with it. There are examples of Kea contributing to increased export performance and internationalisation, but with the exception of the

previous comments we are not able to generalise lessons from them as they are illustrative rather than necessarily representative examples. Similarly, the level of information and ideas channelled through Kea North America was not able to be ascertained in absolute terms within the limitations of this evaluation.

We acknowledge that NZTE has also supported the firms used to illustrate the influence of Kea in what can be categorised as a complementary fashion; in some cases providing support to take advantage of the network contacts or advice.

For example, NZTE encouraged Anzode Inc's early engagement with Kea and Anzode Inc has now matured to the point where it is in the process of applying for Beachheads membership. The relative contribution of NZTE and Kea is not the subject of this evaluation so we will not comment further on it.

3.3 Commercial benefits from the wider network

3.3.1 Tangible commercial results have occurred

Several illustrative examples have been provided of the types of benefits being derived from the global Kea network. These are set out in more detail in Appendix IV. The examples highlight the ability of the network to make commercial introductions.

In the case of Kea Manufacturing Limited the Kea involvement in providing them marketing assistance in Europe was minimal but got the ball rolling. In relation to Mobile Mentor, Kea involvement in providing access to key individuals for its business expansion is ongoing and complementary to the support provided by NZTE and other actors such as ICEHOUSE. The utilisation of expatriates is a part of Mobile Mentor's ongoing strategy for business development and growth. Sponsors (such as Pitcher Partners and Air New Zealand) and event partners (such as Waikato Alumni) also receive benefits from their involvement with Kea.

In combination with the North American examples also in Appendix IV they indicate the types of benefits that are being seen from Kea's global network. These examples move beyond intangible precursors and include tangible examples of commercial benefits.

Further examples were provided in confidence by both Kea staff, NZTE, and Beachheads Advisory Board Chairs of where introductions had been made to leading firms in America and the United Kingdom, helping firms entering those markets undertake preparatory work and make initial market contacts. With more time to interview other people we are confident we would have been able to develop a number of further examples involving other firms.

Other confidential examples were also provided by Kea and NZTE of where firms in both the food and beverage and ICT sectors have used Kea members to create a first foothold and then expand in the Australian market through direct selling and brand-awareness raising. Some firms, particularly SMEs, have been assisted by Kea members through introductions and help in areas such as finding offshore managers.¹²

¹² Kea has indicated that they will collect such information in the future in order to help illustrate the economic effect Kea is having (from members who are willing to share details).

3.3.2 *Kea can contribute to mutually beneficial activity*

After considering the views expressed in interviews and the information set out in the North America Case Study we make the following findings:

- Kea has developed a network that extends beyond other New Zealand-focused networks in North America. Kea can now provide a feeder into other programs or networks that are dedicated to more specific areas of interest or that target elite firms or individuals. It is a case of Kea providing complementary activity to that of other networks and actors rather than causing unnecessary duplication.
- Kea's network also builds links between members and from New Zealand to expatriates in North America who are not yet at an elite level, but that have the potential to reach such a status.

Kea is seen to have the ability to easily and readily partner with a number of other networks or government agencies to widen their catchment, and also attain critical mass for mutual benefit in relation to holding events or undertaking other activities. The common example that arose in this context was Kea assisting Universities locate their alumni and undertake joint events that were able to attract enough Kea member and alumni to make offshore events a success. The agriculture in North America example in Appendix IV illustrates how Kea might act as a conduit between informal offshore economic clusters and New Zealand.

What we draw from the m-savvy example on the following page is that Kea assisted m-savvy in two ways.

- m-savvy reports \$350,000 of business opportunities resulted from their attendance at two events held by Kea
- Kea helped m-savvy achieve an undisclosed amount of export revenue in Australia while maintaining a low "in-market" presence.

In relation to the first point the influence of Kea in holding the events is clear – although the actual success is down to the quality of m-savvy's product and its ability to capitalise on the opportunity Kea presented it.

In relation to the second area of assistance NZTE also played a role, but we have not evaluated relative contributions as a part of this evaluation so cannot comment on this. What can be said is that Kea made a valued contribution as identified by m-savvy in providing a "domestic business network" in Australia that was complementary to its support from NZTE. The local networks that expatriates can provide access to through Kea can prove to be of use to New Zealand firms looking to enter export markets while maintaining a low-cost strategy in those countries.

Publicly funded support for Kea in Australia is for half the salary cost of the Regional Manager. This was less than A\$20,000 in the last financial year due to time of appointment. The ability for Kea to hold such events, which are privately sponsored, is affected by its Regional Manager and ability to communicate opportunities to its members through its virtual network.

Both NZTE and MFAT interviewees offshore indicate that the issue of duplication with existing networks is either not present, or largely managed by the approach taken by

Regional Managers. There is a level of complementarity with NZTE activity offshore, as illustrated in the example presented in the text box on the following page.

Kea assists with export market development and growth – m-savvy

m-savvy is a marketing database and analytical tool used to investigate, plan, implement, and measure the impact of the investment of marketing's human and financial resources to gain the maximum benefit. It has the ability to gather data from many disparate sources using the latest technologies and manages all communications using the full range of sales and marketing channels and media.

m-savvy is 100% New Zealand-based; its chief executive now visits Australia one week each month.

The company has been interested in the Australian market since 2000 but has made good inroads in the past two years. Much of the success is attributed to the excellent assistance of NZTE and Kea. The situation previously was like going into the Australian market cold. NZTE now offers useful forums and access to key boardroom players and venture capital. Kea provides access to people who perform the same role as domestic business networks play in New Zealand. The Regional Manager of Kea played an important role in helping m-savvy connect with the network.

This “domestic business network” equivalent is invaluable to m-savvy as they do not have a physical presence in Australia. The common background and interests present amongst Kea members facilitates fast and effective bonding. It builds understanding, trust and credibility, and also allows m-savvy to bounce ideas off people on the ground in Australia. Many members become advocates for m-savvy. It is important to m-savvy to have advocates in Australia as this is critical to generating revenue. m-savvy has built business in Australia off contacts provided by Kea members rather than to Kea members directly.

In terms of Kea Australia events, m-savvy has been present at two, and these have resulted in the development of NZ\$350,000 of business opportunities.

There was growth in revenue at m-savvy in the last financial year. By the end of the year Australian sales will outstrip New Zealand sales. m-savvy expects its revenue to double in the next 12 months.

m-savvy has plans to enter the United Kingdom and United States markets when it is sufficiently “geared up” to do so. At present it is fielding enquiries from the United States but has not pursued these opportunities. When m-savvy moves into other markets it will be looking to leverage Kea in a similar fashion to its development of “local” networks in Australia.

Information provided through an interview with Brent Wenlock, CEO m-savvy

Italicised text in introduction from the m-savvy website

3.4 Kea membership feedback on Kea’s commercial value

Similar feedback about Kea members receiving and providing commercial benefits (offshore and domestically) was also received directly from members in the survey Kea undertook. The results are discussed in the table below.

We provide a range of examples of commercial transactions that will have been of benefit to New Zealand in terms of increased exports, free advice, or the attraction of people back to New Zealand.

Comments included in Kea membership survey feedback also indicated that greater benefit was derived from Kea by those who actively used the network and its events for commercial purposes rather than waiting for it to provide them with benefits.

We have not independently verified Kea membership feedback, but given the nature of a loose-tie network consider the membership itself a useful source of evidence to assist with the triangulation of information received from the evaluation Reference Group and the people we have interviewed. As with the examples provided us by firms and evaluation Reference group members, we are not able to assess Kea's relative contribution or the size of any additionality as a result of their involvement.

Kea membership feedback – commercial interaction resulting from Kea

Ten percent of respondents (147) to Kea's survey of its membership indicated that they had had commercial interaction with other people or firms "as a result of Kea".

The estimated average value of these interactions – that have been influenced by Kea, its members, or a person's membership to varying levels – was US\$2.78 million. When the results are moderated for amounts that are actually attributed to other factors by the respondent, the total amount of commercial interaction reported to have been influenced by Kea is still over \$US200 million.

Although not all responses appear credible, and several of the comments by respondents indicate no value has been derived to date (although monetary figures are attributed to the interaction), there are a number of responses and attributed values that do appear credible.

When ten high value outliers are removed, the total amount of commercial interaction involving respondents that they state was influenced by Kea is approximately US\$10 million.

Nine percent of respondents were also aware of Kea providing other people with commercial benefits.

The Kea membership survey is discussed in more detail in Appendix VI on page 84.

3.4.1 High value investment transactions

Several of these interactions included within the US\$200 million of commercial transactions said to be influenced by Kea were high-value transactions involving venture capital or advice on investment. Given the profile and areas of commercial activity of many of Kea's members several of these transactions are plausible – including the three examples provided here.

- *The investment by an overseas VC in a NZ biotech. US\$14 million.*
- *New solar power business starting in both NZ and Australia. New clean coal technology business starting in NZ and Australia. Both used contacts via Kea to inform and make progress. US\$10 million.*
- *Equity co-investment in a New Zealand manufacturing company, equity coinvestment in a New Zealand healthcare company, debt and equity investment in a US beverage distributor, and others... US\$1.5 million.*

3.4.2 Other commercial transactions

Illustrative examples of what the authors of this report consider to be credible membership feedback on commercial interaction across different value ranges within the US\$10 million of "non-investment" interactions are:

- *Software development in New Zealand and a sale made in UK. US\$1 million.*

- *I was able to contact and have been contacted by businesses interested in the services we offer here in the US as a distributor of NZ goods in North America. Kea has allowed people to contact us and build both of our business as a result. US\$ 500,000.*
- *Positive export sales from NZ to Malaysia. US\$150,000.*
- *Secured access to individuals that resulted in jobs for my wife and I – encouraging return from the UK. US\$100,000.*
- *We have achieved sale of our products either directly to companies that Kea members work for or to other companies via the Kea network. US\$50,000.*
- *I have had meetings with Kea connections to discuss investment and entry strategies into Vietnam. For Q5 the value is estimated free advice provided. US\$5,000.*
- *I have had a small amount of work come through from connections I have made through Kea. US\$500.*
- *Connected to importer of NZ wine. US\$50.*

3.4.3 Kea commercial assistance not ascribed a monetary value

Many members described how the Kea network had provided them or others commercial benefits without then giving a figure for the value of the transaction or assistance. In this section we provide illustrative examples of membership feedback in four areas of commercial value.

Provision of contacts

- *Better global contacts we are a Corporate Finance Company assisting NZ companies go Global and get connected to Kea members who work for global companies.*
- *I'm the co-founder of Kea Silicon Valley chapter and we brokered many connections between emerging NZ software development companies and US companies or kiwis living and working here.*
- *Kea represented a stepping stone for me, through Kea, I was asked to join WCNZ. At Kea meetings in LA, I met people who made NZ introductions. My Business dealings as a result are too many to list.*
- *Was introduced to an executive seeking work in NZ, managed to find him a CFO role.*

Business assistance

- *I have helped multiple NZ companies find needed expertise in the USA and also back in NZ. I have helped multiple companies recognize the need for and then plan customer research in the USA.*
- *Working with an NZ company interested in expanding into the UK that came through the Kea mentor network.*

- *I have met people who are doing business here in The Hague and am actively supporting and promoting those businesses.*
- *Kea has helped me introduce New Zealand fruit wine into Shanghai in a variety of ways. I have donated some to Kea events and Kea staff have introduced me to business opportunities for the wine within Shanghai.*
- *I helped a NZ software company find a student in the US to scope out the market (I'm a professor in the US).*

Export assistance

- *Have been introduced to approx. 12 business people through Kea with 4 sales opportunities in progress. All proceeds of any sales made go to NZ.*
- *Purchased a New Zealand company's technology as a beta technology that later sold in a multi million dollar deal in the United States.*
- *We have achieved sale of our products either directly to companies that Kea members work for or to other companies via the Kea network.*
- *I have purchased NZ products from Kea connections in the country I now live.*
- *Kea's publicity of NZ firms/events means I have supported these things as a consumer.*
- *Introduced start up from NZ to the "RIGHT PEOPLE" in a large telco; this has quickly progressed to an MOU and potential commercial contract.*

Investment assistance

- *Am close to investing money in either one or two NZ companies, as a result of connections made through the Kea network.*
- *I have invested in a New Zealand company that I would not have known about otherwise.*
- *My wife was approached and contracted to assist with the development of a direct to consumer wine import and sales business. I have leveraged connections within Kea to raise capital for our new wine import business, developing our own brand and sourcing.*

3.5 Limited impact of service delivery

The two services described below were funded from private contributions to Kea, the Global Mentor Network resulted from a private donation and the Global Talent Centre was developed through the sponsorship; each contribution was for the specific respective purpose of each service as set out in section 2.2.4 of this report. These initiatives were not funded from public sources.

3.5.1 Kea Global Mentors Network

Feedback from an early appraisal included the following comments (provided by Kea):

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- *The AUT Technology Park houses a number of good quality start-up technology companies. We joined a few months ago not knowing what to expect. Since that time all the companies whose details we've offered to the network have had almost instant responses from among the membership, all of them of excellent quality. I think this is tangible proof that there is a huge amount of experience among New Zealand's scattered expatriate community and that members of this community are eager to share their experience to help New Zealand companies find offshore collaboration partners and to break into export markets.*
- *We have had a great response to being profiled. We've had messages containing helpful, practical in-country comments and advice from Kiwis in France, China, and the USA. Positive dialogue is continuing.*
- *VMN [now Global Mentor Network] has put us in touch with key people in our industry who've already beaten a path to where we want to go. For us, it's a big step to go into exporting and very reassuring to go into the unknown with people who understand what it is to be Kiwi and understand the people we'll soon be dealing with. That's the power of the VMN network.*

Other comments indicated that the number of people involved was fairly low but that it was providing some contacts and information that were considered to be of use. The Kea survey of its membership also indicated a limited number of examples where Kea mentoring activity may have proved to be of use to firms. Any mentoring communications will have been picked up in the Kea website "member to member" contact type figures in Appendix II on page 64; except as a part of initial contacts, which would be in the "Other" category.

Kea considers that the pilot project showed that there was potential for such a programme, but that it was not self-sustaining or financially viable in its present form. New Zealand companies cannot pay enough to support the services and Kea did not have the resources to fund it. Although still promoted on the Kea website the Global Mentor Network could be characterised as inactive as the pilot project has been completed and it is now operating informally. The number of mentors and firms that participated in the pilot project is not currently available.

Interviewee feedback on the Global Mentor Network pilot project was that there was a level of confusion over its role in relation to Beachheads and to a lesser extent World Class NZ. It was considered that neither it nor its predecessor had been clearly promoted or their links to other programs explained. There was also concern that Global Mentor Network did not have a rigorous process around mentor selection; which service seekers might assume to be in place due to the selection process they were required to go through.

There is an indication that the results of the pilot scheme completed last year will be positive when they are presented. We are not surprised that a scheme of this nature is not self-supporting, and consider that it would be unlikely to succeed unless Kea could attract ongoing sponsorship to the program rather than just for its establishment. We are also unconvinced that Kea would be able to support a formal program of this nature without it being better aligned with NZTE from the outset. We have not reviewed the scheme in enough detail to make comment on whether Kea is institutionally capable of supporting such an initiative or under what conditions it might be financially viable.

3.5.2 Global Talent Centre

Although the outcomes achieved from the Global Talent Centre cannot be accurately ascertained from available data, analysis of current membership figures (table in section 2.2.4) illustrate that the majority of recruiters currently using it are based in New Zealand (86 of 122), as are the majority of employers (106 of 173). The number of candidates from New Zealand is the highest but not the majority (875 of 2,562).

The movement of people influenced by the Global Talent Centre might therefore be in both directions, but membership figures suggest it should not be characterised as causing a drain of people away from New Zealand.

The Global Talent Centre is still active but interviewees from Kea and elsewhere indicated that the Global Talent Centre is not a focus for Regional Managers at present. There was also a suggestion amongst several of the people interviewed that it might be better to link this resource to the New Zealand Now website or privately operated employment websites in New Zealand. The New Zealand Now website took on its employment-related links and job listings functionality during 2008. Kea launched the Global Talent Centre concept in October 2006.

Several interviewees considered that the Global Talent Centre does not add value to Kea or its members at present and that it is not well advertised or promoted. Three examples of people moving to New Zealand being influenced by Kea arose in membership feedback, but attribution to the Global Talent Centre was not present.

From our perspective it appears that Kea was not able to sustain the initiative, unlike the Global Mentor Network, which was a pilot, it was intended that the Global Talent Centre would be a sustainable initiative. The establishment of the employment-related function of the New Zealand Now website would not have helped, but was not identified as a primary reason for the relatively limited success of the Global Talent Centre.

Successful commercial employment websites may have taken potential users away from the Global Talent Centre, and the cost of updating a 2006 system may have outweighed its relative value to Kea after it failed to gain traction with members or its sponsors and in the face of the current economic downturn. Membership of Kea has also grown since the initiative was launched and it is possible that the critical mass to get it going from the outset was not present in 2006.

3.6 Non-commercial benefits of Kea

Kea provides support for the New Zealand cultural sector by promoting and publishing event details for a very wide range of singers, bands, artists, and sports teams. Although we are not categorising this as commercial, aside from the social and cultural benefits for members this activity helps support overseas (export) sales of New Zealand creative and sports sectors. Kea itself now also undertakes events in its own right or jointly with partners; rather than just promoting the efforts of other agencies and networks and commercial events.

Volunteers are very capable and cost-effective. The cost of establishing a volunteer-led Chapter is even lower; it is effectively limited to an increase in the Regional Manager and/or Global Operations Manager's workload. Although there is a limit to the number of voluntary Chapters a Regional Manager can seed and support this will likely only become

a restricting factor with significant membership growth. However, the level of effort the Regional Manager is able to direct to attracting regional and event sponsorship will decrease in proportion to the amount of other activity required of them to support each volunteer-led Chapter.

Kea also brings Kiwis “out of the woodwork”, examples were given to us of expatriates in Australia who now identify as Australian due to the length of time they have been resident there, but that still maintain a soft spot for New Zealand. When they come across Kea they are keen to contribute and many are senior executives that are not widely associated with their Kiwi roots.

There was also the example of an expatriate who have lived in Chicago for 14 years and only met one other New Zealander over there in that time -meeting 40 at a Kea event was overwhelming.

Once Kiwis have been extracted from the “woodwork’ they are often keen to help with activity and networking associated with New Zealand and New Zealanders. Once the relationship has been established it is relatively easy to keep them updated on New Zealand and cement a positive image of the country in their minds (if they are receptive).

In Appendix V starting on page 73 we highlight some examples where Kea provides non-commercial benefits. The Hui Taumata MBA Scholarship example illustrates a direct gain for New Zealand’s education sector. In relation to Craig Nevill-Manning, the example illustrates how Kea can facilitate government access to international experts within its membership; Kea helps make the link between relevant parties and thereby reduces transaction costs.

Membership feedback also indicates that Kea membership may be providing a limited amount of advice to government research agencies, two examples being:

- *Asked to peer pre-review a grant proposal for an organisation in NZ. Helps develop business connections to back home.*
- *The use by FoRST of expertise of people based in the USA.*

The example of assistance to Leigh Parker, who received assistance from Kea members trying to help her secure a prestigious American scholarship, illustrates the ability of Kea to response to member requests and the calibre of members who provide assistance around the world. Several very prominent members of the Kea network provided her access to people within their own local networks who might have been of help to her. As the scholarship was ultimately secured without Kea assistance it also indicates that a loose-tie network does not always deliver results even when good intentions are present.

3.6.1 World Class New Zealand

Interviewees were of an opinion that Kea had done well in its delivery of WCNZ. This is considered due to the ability of Kea to garner sponsorship for the awards and also partially due to the network itself as Kea can provide a feeder into the WCNZ Network.

With Kea delivering the service, the WCNZ Awards went from a single category \$100,000 publicly funded event to a \$300,000 event with seven sponsored award categories in addition to the sponsored supreme winner award.

There were very mixed views between different interviewees on the value that the WCNZ Network has actually provided to date. For example, on the one hand there was a suggestion of capture by interests that did not necessarily reflect a representative view of expatriates, and on the other a suggestion that what has resulted from WCNZ Network and its events, both in terms of aspirational effect and the development of new thinking, was truly excellent. The later view was expressed by two interviewees without a direct interest in the WCNZ Network.

3.6.2 Ad-hoc projects

Kea has also undertaken several ad-hoc projects in recent times. We primarily outline these here as examples of what a network like Kea can achieve in developing and undertaking specific projects – these may be economic in nature in the future.

Kea has been surveyed or promoted a number of surveys of New Zealand's expatriate community:

- Kea UK-Air New Zealand: a survey of 8,000 Europe-based members which captured insights into expatriate's sense of New Zealand identity and found they remain confident about their country and strongly committed to its destiny even while living and working overseas.
- Every One Counts: Kea's 2006 census that reached nearly 30,000 Kiwis offshore, gathering important information on a large group of highly talented and engaged Kiwi expats around the world.
- Every Vote Counts: Kea's independent, non-partisan campaign informing Kiwis overseas of their right to vote in the 2008 General Election. Information collected by Kea and provided to Kea by the Electoral Enrolment Centre indicate that the campaign reached over 20,000 people and initiated (linked through) approximately 7,000 voting enrolments in time for the General Election. Overseas voters changed the outcome of two seats in Parliament.
- Flight of the Kiwi: research on the motivations of highly educated New Zealanders who choose to live and work abroad.

4 Cost of delivery

The purpose of this chapter is to describe and discuss the relative efficiency of Kea operations as membership increases and consider whether Kea is on the path to self-sustainability. After comparing the views expressed in interviews with the quantitative information set out in this chapter we make the following findings:

- Although paid membership is growing, the total revenue from this source is relatively low. Donations, event revenue, and public revenue streams all outweigh paid membership.
- There are no direct comparators overseas or within New Zealand against which Kea might be assessed as other countries have government units pursuing a range of objectives that most often include economic, social, and cultural aspects.
- Kea presents a low cost model for engagement with expatriates and offshore talent networks; its costs do not increase proportionally with membership changes. We consider that the cost comparison of the Kea network is favourable when compared to corporate alumni networks or the cost to business of fielding expatriates for business development purposes.
- Until the recent global economic problems Kea was on target to meet its goals for private and member-contribution as a proportion of income (half). It is now doubtful whether Kea will be able to maintain its current network without continuing significant public funding over the next two to three years. The extent to which Kea will require funding over the next three to five years will depend upon a number of factors such as the economic climate and its ability to attract private sponsorship or donations, as well as the level of ambition for the network.
- Only one person interviewed was ambivalent on the issue of whether Kea's capacity should be reduced from current levels, and most people believed that efforts should be made to increase its capabilities in order to better leverage public good contributions from expatriates (separate from the issue of whether any increased capability should be publicly funded). Holding social and cultural events in addition to purely business functions was considered part of the quid-pro-quo for their involvement and contributions.
 - 4.1 Income and expenses

In the 2007/08 financial year Kea received approximately 70% of its \$1,341,526 revenue from government agencies or publicly funded trusts. The remainder of Kea's revenue came from members' contributions and corporate sponsors; individual events were also sponsored and ticket sales undertaken. This has primarily been related to revenue resulting from the World Class New Zealand Awards.

Most of Kea's expenses are related to salaries (\$341,253 in last financial year) and contracted services (over \$431,259 in the last financial year; largely for contracted staff).

There has also been ongoing expenditure in relation to the development and maintenance of web-resources (a cost of \$64,645 in the last financial year for maintenance). Kea New Zealand spent \$25,532 on rent and office expenses in the last financial year.

Kea NZ annual revenue history (LECG analysis of financial records)

Financial year	Membership & donations ¹³	Event ticket & other sales	Sponsorship (events and other)	Government & public funding ¹⁴	Total revenue ¹⁵
2001/02 ¹⁶	25,000			60,000	85,065
2002/03	102,300				102,636
2003/04	196,055				196,110
2004/05	169,272		36,667	88,889	294,984
2005/06	33,453		123,645	691,630	983,954
2006/07 ¹⁷	170,222	79,197	452,040 ¹⁸	584,200	1,286,451
2007/08	44,466	99,084	224,657	923,200 ¹⁹	1,341,526
Total	\$740,768	\$178,281	\$837,009	\$2,347,919	\$4,290,726

The table is interpreted in section 4.3 below. Prior to 2007/08 the revenue above is for Kea New Zealand only, with the majority of event and ticket sales and much of the sponsorship related to World Class New Zealand revenue. In previous years there were only volunteer-run Chapters, which were self-managed - if they raised funds from local events they used those funds to run their Chapter, pay for event costs, etc and there was no requirement to report back to Kea New Zealand on finances.

Loans from Kea New Zealand were made to some Chapters for set-up costs, and these were being repaid to Kea New Zealand through paid membership growth (e.g. if someone

¹³ Premium membership requires an annual contribution of \$100; it allows preferential or discounted access to some events. Corporate membership is \$495 per annum and entitles the firm to access the membership and limited promotional opportunities. Corporate premium membership is by arrangement and entails further access to the membership and opportunities to undertake promotions to them.

¹⁴ Including funding for the delivery of WCNZ and grants from MED and FoRST.

¹⁵ Includes interest and other sundry or miscellaneous income.

¹⁶ Three months ended 31 March 2002.

¹⁷ There was a move to a year end of 30 June from this point onwards.

¹⁸ Includes a higher than normal level of corporate sponsorship, related to the Global Talent Centre and Venture Mentor Network. It was also included corporate-level sponsorship for Kea by HSBC, which is not considered likely to eventuate again in the near future.

¹⁹ Includes \$23,000 from the Asia NZ Foundation and \$20,000 from the Hui Taumata Trust; both of which are primarily public funded.

from the United Kingdom paid for membership, the fee paid to Kea New Zealand through the website would be offset against Kea UK's loan). All Chapter loans were written off in the 2007/08 financial year (\$9,359).

With the appointment of Regional Managers during the 2007/08 financial year it was decided to file "group" consolidated accounts (including Kea UK, Kea China, and Kea USA). Kea Australia is a separate legal entity so the auditors determined it should be excluded from the consolidated accounts - it is an independently incorporated business under the Australian Corporations Act 2001.²⁰

The revenue for Kea outside New Zealand is relatively small, with the exception of Kea Australia. In 2007/08 revenue from Kea UK, Kea China, and Kea USA accounted for just over \$30,000 in ticket sales, \$4,000 in event sponsorship, and \$2,500 in other income. Excluding foreign exchange losses there was just over \$30,000 of expenses attributed to the wider group. Kea indicates that the low figures are reflective of the non-profit nature of offshore operations where much of the support is voluntary or in-kind and therefore not reflected on the balance sheet. Kea New Zealand does not provide any funding towards the events held by its offshore Chapters. Kea New Zealand provides salaries for Regional Managers some associated expenses and marketing.

The situation in Australia is slightly different, with Kea New Zealand only providing Kea Australia with 50% of the cost of funding their Regional Manager's salary. The Regional Manager was appointed in December 2007 so was only present for half the financial year ending 30 June 2008. The remaining 50% of the salary comes from Regional sponsorship revenue. The Australian legal entity reported a profit for 2007/08 of A\$23,924 on event revenue of A\$41,437 and sponsorship of A\$54,188 (including the half funding of the Regional Manager's position for half the year). Sponsorship revenue comes from a range of domestic firms, including those in Appendix VII on page 87.

4.2 The cost of additional hubs and members

4.2.1 Kea's global infrastructure is scalable

The "global" infrastructure for Kea is now in place and is very scalable. The Ministry of Economic Development estimated the cost of three full time Regional Managers at \$360,000 per annum in 2007. Although the New Zealand currency has reduced in value since that time (driving the relative cost of an offshore worker up). We note that the locations included New York and London, which are particularly high cost locations so many not be representative of the cost of fielding a Regional Manager in other locations.

The link between Kea's operational costs and additional members is also not linear. The virtual network is not limited by membership numbers, so the cost per member reduces as membership increases. As discussed in section 4.4 the number of Regional Managers may need to increase if members increases significantly, but adding members to existing Chapters does not increase Kea's marginal costs and may result in increased revenue. The creation of additional volunteer-led Chapters may constrain the ability of the Regional

²⁰ There may be ramifications of this separate legal incorporation on the ability of Kea Australia to chart its own path in the future; especially if it gains complete financial independence. George Barker is the sole director on both Boards.

Manager to sustain existing Chapters (the optimal/maximum number of Chapters per Regional Manager is not certain).

Specific initiatives can also greatly increase membership at relatively low cost, for example the Every One Counts census exercise helped to attract 13,700 new members to Kea over the period it was run and also served other ends.

4.2.2 Regional Managers are able to catalyse a lot of activity

Although there might have been a drop off in the number of events being held by Kea in many Regions (from a peak in 2006/07, refer Appendix III on page 65), this is not necessarily indicative of a decline in support or activity as inferences of quality of event are not able to be made by the authors of this report. Kea reports that the figures provided were Kea hosted and/or Kea promoted events; and that since the appointment of Regional Managers there has been a big increase in the number of Kea hosted events.

All of the interviews we undertook indicated that Regional Managers are able to catalyse a great amount of voluntary activity by Kea members and events held by Chapters. Information provided by Kea also indicates that they can effectively grow and sustain membership and attract sponsorship for a reasonably high number of events. The information is consistent with feedback from other interviewees.

The experience to date has been that Regional Managers do not require much by way of supporting infrastructure - three work from shared office space or from home. Kea also now has experience in establishing Regional Manager positions which will reduce the administrative costs of establishment in relation to recruitment, policies, and procedures.

The role of Regional Managers, and ability of them to support critical mass across multiple Chapters, may also change as a result of the forthcoming release of Kea's new virtual network, which Kea aims to connect to Facebook, LinkedIn, Twitter and other open access networking tools. It is anticipated that more of the activity of Kea will become member rather than staff or Chapter driven.

4.3 The sustainability of Kea

4.3.1 A tough environment for corporate sponsorship

The number of paid members of Kea is low at present, as illustrated below. Survey results indicated that over 350 people would pay at least a nominal membership fee (24% of respondents), however, there is currently no additional benefit for individuals who pay for membership so individual premium membership is akin to an annual donation to Kea. Many members surveyed also indicated a preference for a user-pays system rather than a standard fee; especially in areas without active Chapters.

Kea paid membership as at 31 January 2009	
Corporate standard	65
Corporate premium	17
Individual premium	156

Revenue from non-public sources has varied widely over the years, affected by large donations from founding members. Aside from a dip in the second year there has been strong growth in paid membership revenue as illustrated in the table below.

Kea annual paid membership fees (total revenue NZ\$)		
Year	Total amount	% change from previous year
2002/03	\$25,759	First year of paid membership
2004/05	\$18,778	-27.10%
2005/06	\$23,267	23.91%
2006/07	\$33,453	43.78%
2007/08	\$44,466	32.92%

4.3.2 Ticket sales and event sponsorship are holding up

Ticket sales and event sponsorship has also increased annually, but growth in corporate sponsorship was negatively affected by one off corporate sponsorship of the development of the Global Talent Centre (\$195,000) and Venture Mentor Network (\$42,000) in 2006/07 and HSBC corporate sponsorship. Corporate sponsorship has also been negatively affected by the current economic situation. Ticket sales and event sponsorship for 2008/09 are considered to be on track to be the same for as for last year.

There is considered by Kea to be a threshold to what sponsors and members will pay (for individual events or on an annual basis) before it begins to have a detrimental effect on events and the network. Not everything will be able to be sponsored or cost recovered and it was also generally agreed that an element of ongoing public funding would be required in most Regions to cover public good activity undertaken by Kea.

Kea annual sponsorship revenue NZ\$		
Year	Corporate (% change)	Event (% change)
2002/03	N/A	N/A
2004/05	N/A	36,667
2005/06	135,000	122,600 (+234%)
2006/07	322,564 (+139%)	129,476 (+6%)
2007/08	72,500 (-78%)	152,157 (+18%)

Although corporate sponsorship revenue is down significantly due to the factors already mentioned, it appears that event sponsorship - largely linked to World Class New Zealand – is steady but correlated to continued government support for World Class New Zealand.

The 2007/08 increase appears to come from the inclusion of offshore event revenue from Regions with Regional Managers in place - with the exception of Australian revenue which is separately accounted for. This is also consistent with growth in revenue flows from event ticket sales.

Kea annual event revenue (ticket sales NZ\$)		
Year	Total amount	% change from previous year
2005/06 (15 months to 30 June)	68,415	N/A
2006/07	55,989	-18%
2007/08	89,795	60%

When considering the revenue sources in the two previous sections Kea might be characterised as self-administered rather than self-funded at present – and with current income streams will not be self-funded for the foreseeable future with the exception of Kea in Australia which is a separate legal entity.

As illustrated by increasing total revenue for Kea in the face of steady or declining revenue from self-generated sources, public funding and revenue derived from World Class New Zealand have replaced private-philanthropy as the major source of income set out in section 4.1. Public funding in particular has allowed Kea to build its capabilities further than was possible under the private-philanthropy model it previously operated under, but is also a key risk to the organisation maintaining current capability levels over the next two to three years.

4.3.3 *It takes resources to find sponsorship*

As the network and its Chapters grow they also become more attractive sponsorship propositions in their own right, as exemplified in Australia, where Regional sponsorship has been maintained in a difficult commercial environment. However, Australian sponsorship may be an anomaly, with there being an issue of how many New Zealand firms currently wish to become truly global rather than just regional or domestic exporters.

Sponsorship from multinationals not originating from New Zealand is an option where New Zealand firms do not have a large presence in local markets, as exemplified by previous sponsorship by HSBC, but attracting this support at present is difficult. HSBC sponsorship was considered by Kea to be an anomaly. However, Kea considers that there are several promising new sponsorship opportunities in Australia and the United Kingdom that may in combination have a similar effect to that of the HSBC sponsorship.

The view of Kea's Regional Managers and several other interviewees is that Kea could attract a larger amount of sponsorship if it had sufficient resources and a clear strategy for doing so. Several non-Kea interviewees also suggested that Kea's profile and financial stability would be increased by Kea holding a gala or flagship event in each of the Regions hosting a Regional Manager.

At present Regional Managers spend a large amount of time undertaking revenue-seeking activity, as well as providing assistance to members and other stakeholders, and undertaking a large amount of administrative duties. There is considered, amongst both Kea and some non-Kea interviewees, to be a need to provide administrative support to Regional Managers to allow them to concentrate on the areas in which they can best provide value and contribute to Kea's sustained growth.

Membership growth within existing volunteer-led Chapters could be maintained with the current Regional Managers (events simply have more people and may in fact become more attractive for sponsorship) – supporting additional Chapters will constrain resources (this would require support by Regional Managers for additional events). As the new website is still under development the extent to which it may affect the Regional Manager's administrative workload is uncertain.

4.3.4 Differing views on medium term sustainability

Views on what level of resources were required to sustain Kea in the medium term (3-5 years) varied considerably amongst people interviewed; from only a service and development contract for the website and no dedicated staff through to two full time staff (one a Regional Manager and the other administrative support) for each Region in which New Zealand has a strategic economic interest. Separately from the issue of service delivery, the latter situation would also require sufficient staff in New Zealand to coordinate Kea offshore and provide an effective domestic interface for Kea.

Views from within Kea ranged from the provision of administrative support and possibly one or two more Regional Managers through to an extreme of the fielding of 20 offshore managers with administrative support and up to ten domestic employees.

Views on the appropriate level of public funding for any such resources also varied considerably amongst interviewees, and many were unable or unwilling to give a firm view. It was generally agreed that two to three years of public funding would be required in order for Kea to develop to a point where it might become primarily funded through the non-public sources.

Few interviewees were prepared to suggest that Kea would eventually become entirely self-funded. There was comment by several interviewees that this would be related to the level of ambition for Kea. If Kea is to primarily serve the interest of its members and facilitate offshore events it could become self-funding. If Kea is to secure wider public benefits for New Zealand it might require an element of ongoing public funding that reflects where the relative benefits lay (public versus private).

4.4 Comparative costs of Kea

There are no direct comparators for the cost of Kea. Research findings by First Tuesday Zurich indicate that one full time network employee can support an average of 3,500 alumni in a corporate network. Such networks typically have executive level and other support from the originating organisation; refer to Appendix I on page 61-63 and the Literature Review Annex to this report for discussion of the review.

Employees are a primary cost for any further development or expansion of Kea (the other being information systems). At the end of this financial year Kea will have approximately 29,000 members. This suggests that if Kea were a sustainable corporate alumni network it

could reasonably be expected to have eight full time employees with its current membership numbers. At present Kea has seven full time equivalents and three part time contractors.

We consider that few corporate networks have the need to dedicate as much time to securing sponsorship or have as wide an ambit as Kea (either geographically or thematically). As such the comparison to corporate networks is probably not entirely fair to Kea either – and that it comes out reasonably positively is likely an illustration of the benefits of voluntary service by expatriates themselves.

Several of the Regional Managers working from home or utilising shared space also reduces costs. In absolute terms, interviewees considered that the use of a network like Kea to leverage off expatriates was a cost-effect approach to engagement with both expatriates themselves, and also with their offshore networks and those of friends of New Zealand. The high costs to firms, and particularly SMEs, of international engagement are also noted in the literature in the Annex to this report.

5 Interview perspectives on the Kea network

The perspectives presented here are in summary form and based upon the interviews undertaken by the authors of this report - more detailed descriptions of the perspectives of individual agencies and other stakeholders are presented in Appendix VI on page 76.

This chapter of the report is a summation of the views of all people interviewed unless specific agencies are identified - in which case the view expressed is a summation of the views of the representatives of that agency who were interviewed.

5.1 Membership is of high quality and growing

Views on the membership of Kea are that it is generally of a very high quality, and that more use could be made of members if a more effective interface was made with New Zealand-focussed activity and business development efforts occurring onshore in New Zealand.

There has been a trend towards segmentation of the membership into sector and industry interest groups that are also of strategic interest to New Zealand. This has occurred due to membership growth and the introduction of Regional Managers.

Where there are a large number of Kea members active within a particular market offshore they can act as an already prepared business network to assist domestic firms explore new market opportunities or help ease market entry and growth.

It was considered by offshore interviewees from Kea and NZTE, and to a lesser extent MFAT, that while Kea initially drew from MFAT and NZTE to establish its membership, the Kea network has grown beyond those networks and introductions now also flow from Kea to other New Zealand focussed networks and organisations. Again, the introduction of Regional Managers is seen as a key factor in Kea maintaining and growing its membership and providing a channel from them to other networks.

5.2 Complementarity rather than duplication

MFAT and NZTE play an active role in supporting and promoting Kea offshore, including sitting on Regional Advisory Boards and making introductions for Regional Managers. Kea is most active with NZTE, where there are constructive overseas relationships but limited links with domestic NZTE activity. The Trade Commissioners who worked with Kea on a day to day basis were most positive about its work and effect.

An interviewee from MFAT considered that the potential for duplication with Kea was fairly low as the organisations have fundamentally different roles. As such it was thought that there was fairly limited room for Kea to undertake complementary activity with the exception of areas without an MFAT presence, or where Kea might provide assistance with hosting events for dignitaries or providing introductions to the post.

NZTE's offshore interviewees were able to use Kea to build their own networks and facilitate higher levels of activity focussed upon New Zealand. The role of Kea was also perceived as complementary to the top tier firms and individuals that much of NZTE's activity focuses on.

Kea has working relationships with some Chambers of Commerce, but has limited involvement where they are seen to be dominated by Australian interests. There are also locations in which Kea is active that have no Chamber of Commerce or equivalent organisation. In some locations such as France it was not apparent to people who supplied us with written feedback that there is a separate role for both Kea and the local Chamber of Commerce; Kea does not have a strong presence in these areas at present so the issue of duplication has not yet arisen (nor is it certain that it will).

In specific locations, such as London, there are many New Zealand-related organisations. The focus of most are social or sporting, and Kea attempts to network with these organisations (within its resource constraints). The deployment of Regional Managers has resulted in a higher level of alignment in locations that host Kea Chapters.

5.3 Kea services have not been a success but value is being generated by the network itself

The majority of interviewees considered that Kea provides the most value as a loose-tie network and should focus on “light touch” activity rather than service delivery. Any funding that allowed Kea to independently develop services would need to be justified by a very strong business case and clear delineation of the role for Kea and other potentially interested parties.

The results of services that have been developed by Kea itself have been disappointing to date and to continue this sort of activity in the current manner will result in reputational damage as well as the potential for legal liabilities to arise. This includes the Global Talent Centre and the Global Mentors Network and its predecessor. It is considered that this has resulted from unclear promotion as well as an underlying lack of capacity/resources to sustainably deliver mentoring or employment-related services. Kea would benefit from a more focussed approach.

Although Kea has oversold what it could achieve in the past (when it might be characterised as highly variable in performance), the introduction of Regional Managers in the last financial year has resulted in a more coherent organisation that is better able to engage with other entities looking to promote New Zealand’s interests. In the case of World Class New Zealand, Kea has illustrated how it can partner with a government agency to efficiently and effectively deliver a service.

6 Our comments and reflections

The bottom line is this: given that emigration has both positive and negative effects, a logical approach is to minimise the losses and maximise the gains, by thickening the connections between [the home country] and its emigrants.²¹

To achieve competitive advantage in an increasingly global economy, organisations from both the private and public sector need to view the management of expatriates as a critical part of their international human resource management strategy.²²

6.1 On the level of evidence present

Kea does not have a data capture mechanism focussed upon systematically tracking transactions and economic impacts resulting from its activity. We also consider that much of the beneficial activity that would in theory result from Kea will remain out of the line of sight of its Regional Managers and other people we interviewed.

We also note that, due to time constraints, much of the information that we have relied upon to inform this report was received from third parties (including Kea members) and has not been independently verified by us. There were also many promising leads that we were not able to follow up on. The evaluation is informed by a triangulation of the interviews that we were able to undertake and information otherwise provided to us.

With these provisos in place we consider that the wide range of examples of where Kea is adding value in chapter 3 of this report is relatively high in comparison to other initiatives we have evaluated at a similar level of development. The level of evidence to support such a contention was higher than we had anticipated would arise over the course of the evaluation when we started it. The level of support for Kea from government agencies overseas was also higher than we had anticipated (reflected in chapter 5, the North America Case Study on page 50 and Appendix VI on page 76).

In particular the evidence that comes both from the membership survey and illustrative examples set out in this report and its Appendices, is that Kea has proved to be of commercial benefit to some of its members and that the transactions that it has at least in part influenced have helped New Zealand-based firms and people. Although we recognise the accuracy of the survey may be questioned in terms of attribution and additionality, the comments accompanying the responses indicate a number of the figures provided by Kea members are credible.

Similar examples and views are also being expressed from several different sources of information, which helps add validity to our findings. The calibre of people volunteering their time on Kea's boards is also indicative of an entity that provides value and is valued (refer Appendix VIII on page 88). The board members would not volunteer their time and allow their credibility to be lent to Kea should they not feel it was delivering real results. Likewise, the continued success of Kea events offshore, and profile of people attending these events indicates that members are also receiving value. Domestic firms also

²¹ Fullilove, M and Flutter, C (2004) The World Wide Web of Australians, Lowy Institute Paper 04.

²² Dr Hilary Harris, Director of the Centre for Research into the Management of Expatriation, quote from public address 1999.

continue to provide event sponsorship in troubling economic times (refer Appendix VII on page 87 for firms Kea reports as having been involved with since the introduction of Regional Managers).

Kea's success in winning the 2008 Vero Excellence in Business Support Awards also lends a further element of credibility to a finding that it providing benefit to New Zealand firms.

6.2 On Kea's strategy

Conceptually, the idea of Kea is well supported in the literature set out in the Annex to this report. Maintaining a virtual network offshore without a physical presence is less sound as a concept. The use of Regional Managers to support volunteer-led Chapters and a virtual network is therefore an effective approach. We have discussed Kea's progress towards achieving its objectives within our evaluation findings in chapter 1 of this report. Having domestic actors more proactively link their agents and clients with Kea (where appropriate) will be required for Kea to achieve its current strategic aims.

We consider that establishing long term relationships and involving a person before they become highly successful will likely help secure their involvement and support for activity that is beneficial to New Zealand. It also differentiates Kea from other public or privately funded activity that already focuses on elite individuals and firms. We also believe that the sorts of economic impacts seen resulting from Kea to date will likely increase in the future should the network continue to be adequately supported.

As we have commented in chapter 3.5, the development, implementation, and delivery of Kea's own services has not been particularly successful. Without adequate resources to support such initiatives (clarity in marketing, robust systems, ongoing client and system support) the probability of increased success will remain low.

Due to resource constraints and the need to attract revenue, Kea has also oversold what it was able to achieve in the past. Several comments from members in their survey response indicated that this is felt by some of its members as well as the funders and other stakeholders we interviewed. However, there is a consensus amongst people that work with Kea on a day to day basis at present that this situation has improved.

Kea likely has some work to do in convincing people that it is now focussed on business, especially where people were involved with Kea in its formative years; when there was a heavier focus on building social connections and Kea relied to a greater extent on NZTE and MFAT resources overseas.

In the future we consider that there is a real risk (legally and reputationally) in Kea independently entering into anything but a light-touch approach to service delivery without a great deal of thought and careful planning. With a light-touch approach users readily understand that it is at their own risk and not to be confused with professional advice.

When firms must enter into a selection process or pay to receive services, then incorrect assumptions may start to be made about the robustness/quality assurance. Another issue with moving beyond a light touch approach is that, if initiatives are not perceived as being successful by economic agencies and/or its members, Kea's credibility and effectiveness as a global network may diminish as a result.

Kea will also need to clearly define any extended role in economic, social, or cultural affairs in New Zealand and how this is integrated with existing activity and actors. At present, possibly in part due to resource constraints but also the approach of Regional Managers, Kea activity is complementary to other activity. Should resources increase issues of duplication might arise.

6.3 Government funding for Kea

International examples reviewed as a part of our literature review all included ongoing public funding for the support of expatriate networks; although the scale and scope of activity being sought is different from that of Kea.

In several cases, such as Ireland, Scotland, India, and Mexico there are also government agencies that coordinate and support engagement with expatriates; although Mexico has been focussed upon remittances to date. This situation of the presence of a government unit or independent government agency for most countries with large expatriate communities was also described in several of the interviews.

One interviewee who studies government engagement with diaspora described the situation with Kea as fairly unique - there is normally more direct government control, and usually better resourced - and that there was in fact a high level of interest in the "Kea model" overseas.

Kea Australia will likely become self-funding in the short term. In the medium to longer term (four plus years) we consider that the objectives for self-funding set out in the current agreements with the Ministry of Economic Development would be feasible for North America and the United Kingdom. We are less certain of the situation for Kea New Zealand and Kea China without ongoing support for World Class New Zealand and for some of the administrative/support positions that underpin the virtual network and interaction with New Zealand agencies that Regional Managers rely upon.

6.3.1 Discontinue public funding

We do not think that Kea would be able to maintain its current levels of activity should public funding for the positions of Regional managers, the Global Operations Manager, and the Technology Manager be discontinued. The effect in Australia would likely be less extreme but Regional Managers would likely disappear from North America, the United Kingdom, and China. The ability to develop and maintain the virtual Kea network would also be negatively affected by discontinued funding for the Technology Manager and activity funded through the Global Operations Manager.

The net macroeconomic impact on New Zealand would most likely be negative. Similar gatherings would not likely eventuate overseas to take the place of all of the events Kea facilitates; which is different from event promotion. Firms such as m-savvy would no longer have a similar depth in local networks in new markets to help facilitate increased exports. The transaction cost of doing business in areas where the Kea network has a deep presence will increase for firms that would otherwise have availed themselves of the network and connections and information it can provide. Each of the "local" networks developed by Kea in each location overseas is based in a market that has the potential to eclipse the domestic sales of most New Zealand firms.

The ability of Kea to provide an effective conduit to keep expatriates “warm” to New Zealand would also be negatively affected; both through the disappearance of the Regional Managers and the support provided by the Global Operations Manager and Technology Manager (information and promotional activity).

6.3.2 Renew public funding at current levels

Kea will be able to maintain its Chapters in locations served by Regional Managers; a few new volunteer-led Chapters will be launched within those Regions.

Should the environment for sponsorship improve Kea might be able to field one or more additional Regional Managers or provide existing managers them with some level of administrative support. The sponsorship environment will also dictate how many events are held in various locations.

Chapters in areas not served by Regional Managers will likely continue to exist, and may achieve some limited successes but will not significantly increasing their level of activity or impact.

The level of engagement with relevant domestic and offshore agencies and networks might improve if the effects of the increased level of activity being undertaken by Kea are noticed and Kea’s profile is raised as a result.

The net macroeconomic impact on New Zealand would most likely increase (positive) as the Kea network and local Chapters strengthen over time; resulting from increased membership, member segmentation, stronger channels within Kea and to other networks and agencies domestically and overseas, and Kea’s growing profile.

6.3.3 Increased public funding for Kea

Interviews suggested that the international experience was that efforts to engage with expatriates will fail if it focuses only on economic issues; the engagement also needs to incorporate social and cultural aspects.

For example, Kea’s Australian equivalent is able to provide resources for Australian business, government, and academia to engage and communicate with Australian professionals overseas – it has a physical presence in most major Australian cities as well as expatriate population centres around the world.²³

The economic impact of increasing public funding is extremely variable and depends to a large extent on what government ambitions for Kea are. There is the potential for greater engagement on economic issues, for example with the Department of Labour or the Ministry of Research, Science and Technology. There is also the potential for Kea to be an interface for wider cultural activity such as that supported by the Ministry of Culture and Heritage and various other public entities.

In particular the provision of further funding to allow for administrative support for Regional Managers would appear to make sense as it would allow them to utilise their relatively more expensive time building the network and attracting revenue.

²³ Advance, presentation to the Diaspora Strategy Workshop, 26-28 January 2009.

However, for us there is a question mark over how many more Regions have sufficient numbers of New Zealand expatriates or friends of New Zealand to warrant the presence of a Regional Manager. At present Kea membership outside of the Regions that have a Regional Manager in place is low. Spreading a “rest of the world” manager across all other countries or larger agglomerations of countries to account for lower populations of expatriates would also lose much of the local understanding and connection that is part of the rationale for having a Regional Manager in place. This role is also at least in part already served by the Manager Global Operations position.

However, if the objective is to provide a low-cost “New Zealand” presence in additional countries for more strategic reasons then the number of expatriates present might not be a limiting factor on the number of Regional Managers that might be effectively deployed. Such regions would not be at a level of importance that necessitates the presence of comprehensive service delivery for New Zealand interests.

Without careful management at both the organisational and local level, Kea may also begin to duplicate the activity of NZTE in particular. With any additional funding Kea would also need to be wary that it does not lose the value currently provided by its flexibility - as a result of moving too far into service delivery and the structures and processes that this would require.

6.4 Other comments and thoughts

6.4.1 Kea and its membership

Thirty two percent of expatriates who responded to the 2006 Every One Counts Survey reported an income over NZ\$100,000.²⁴ Only 17.2% did not have a tertiary diploma or higher qualification. The calibre of the expatriates, most of whom are now in the Kea network, can therefore be assumed to be well above average.

Several interviewees suggested that institutions at home, and not expatriates’ commitment, are the constraints to realising value from expatriates by most home countries. Irrespective of the level of public resources provided to Kea, New Zealand would benefit from a more coherent approach to its engagement with its expatriates. This is a different issue from building Kea, and is more about what to do with it now that it has arrived.

Kea’s 2006 survey of expatriates also indicated that only 5.4% of expatriate respondents used MFAT or NZTE to keep in touch with what was happening in New Zealand – so Kea should continue to play a role in that area. The statistic should not be surprising as it is not a focal point for MFAT or NZTE and it merely illustrates to us that there is a role for Kea to play in this area. While news websites are a popular medium, they do not provide the personal contacts of an active social network.

²⁴ At the start of the campaign Kea only had 4,754 members. Eighteen thousand and two expatriates completed the survey and 13,700 went on to become Kea subscribers and/or members.

6.4.2 Maximising the NZ Inc benefit from expatriates

A range of economic benefits to New Zealand appear to us to result from Kea. It seems to us to make more sense to utilise expatriates and their networks while they are abroad rather than focus upon returning them to New Zealand.

Kea's 2006 survey of expatriates supports an approach of maximising the business-related benefit of expatriates while they are overseas rather than explicitly/directly trying to use the network to draw them back. The primary reason an expatriate might return to New Zealand was family/marital (39.4%) and enhanced lifestyle/culture (51.8%). Economic/employment and income factors were given as the primary motivation for future return by only 3% of its members.

In any case, less than a quarter of expatriates in the 2006 survey were intending to live overseas permanently. Over half of those expatriates that indicated they were likely to return to New Zealand believed that they would be returning to New Zealand between 1-5 years from the time of the survey.

Case study: Kea in North America

The following chapter of this evaluation provides a more detailed “case study” of a Kea regional operation. It is included within the body of the report to allow the reader a deeper understanding of the type of activity undertaken by the Regional Manager and Chapters of Kea.

Overview -North American case study

Kea employs a full-time Regional Manager in North America, based in New York. This position was established in March 2008. At the time the position was established Kea also had local Chapters operating in Los Angeles, New England (Boston), and San Francisco. Since the Regional Manager’s appointment, Toronto and Chicago Chapters have been established and plans are under way to open a new Chapter in greater Washington DC.

These local Chapters are run by volunteers with input/guidance and assistance from the Regional Manager and Kea’s North American Advisory Board. The Regional Advisory Board provides voluntary advice and direction for the Regional Manager and oversight of Kea’s North America operations.

Based on actual membership for the period ending January 2009, Kea’s membership in North America is projected to grow by 16.4% in the year to 30 June 2009.

The members of Kea’s North American Advisory Board (refer table on following page) are considered by Kea to be indicative of the value Kea provides its members and New Zealand. If value was not being provided these high-calibre individuals would not be freely volunteering their time and allowing themselves to be associated with Kea.

Kea NZ annual revenue history (LECG analysis of financial records)		
Name	Position, Company	Industry
Ian Phillips (Chair)	General Manager and Executive Vice President Americas, Commonwealth Bank of Australia	Banking
Debbi Gibbs	Principal, Just Managing	Creative (music)
David Howell	Owner/Architect, David Howell Design, Inc.	Architecture
Grant Kreft	Managing Director, Intuition	ICT (digital training tools)
James Lawry	Vice President, D.E. Shaw Group	Investment (technology, health care, and financial services)
Bridget Liddell	Managing Principal, Fahrenheit Ventures and Chair, NZTE Beachheads US Advisory Board	Creative (design and galleries)
Kelvin Lynch	Vice President, Merrill Lynch, NYC	Finance and investment services
Kirsten Manning	Director of Human Resources -East, Midwest and International, Facebook	Social networking/Human resources
Grant Paterson	Chief Operating Officer, Calyon Securities	Finance and investment services
Katherine Romaine	Assistant to the President, IBF	Security and Investigations
Lloyd Spencer	Founder, Kahu Trading	Commodity trader and business development executive
Phil Veal	Managing Director, Growfire	Finance and investment services

The development of North America

Kea has provided the following overview of what is required to establish a new presence in a region.

1. Setting up: presence, brand identity, introductions, newsletters, and events:

- Establish the Kea brand
- Get an Advisory Board together and identify willing helpers on the Board
- Make key contacts
- Plan and hold an inauguration event to launch Kea

2. **Strategy/Planning: business plan development, alignment with Kea New Zealand goals and objectives for growth and expansion.**
3. **Relationship building: MFAT, NZTE, Board, and key New Zealand companies:**
 - Field enquiries from New Zealand companies and individuals new to the region
 - Use local network/contacts to provide guidance
 - Liaise with NZTE, MFAT, and Tourism New Zealand
 - Contact major New Zealand companies already operating in the region
4. **Development: identify flagship events, VIP visits, speakers, Advisory Board supporters, allied organisations, e.g. Chambers of Commerce, NGOs, alumni associations:**
 - Develop a calendar of events to hold the interest of the Kea membership and to further grow the brand presence
 - Develop contacts with other organisations and embrace non-Kiwis who are “friends of New Zealand”, often with business interests in New Zealand or trading with New Zealand
5. **Growth: maintaining current membership and finding new members:**
 - Use the online network to build regional country membership, develop newsletters and encourage interaction and connection with Kea
 - Build relationships with connected businesses to achieve either corporate membership or pursue sponsorship opportunities
6. **Administration: venues, bank accounts, systems, head office reporting.**

Description of activity in North America

The Regional Manager provides a monthly e-mail newsletter outlining Kea and other New Zealand events in the region and highlights relevant New Zealand firms, individuals, and success stories. Kea undertakes monthly contact with all New Zealand Universities to see if they have news they want included in Kea North America’s newsletter. Kea members doing business in North America also get exposure in the monthly regional newsletters.

Kea events

Kea events are now held every 4-6 weeks. So far this financial year Kea North America has hosted and/or promoted 36 events, examples include:

- The inaugural meeting of Kea Chicago was held in September 2008 with a high level of enthusiasm (35 of the 40 people who attended volunteered to help with events). Attendees included representatives of Fonterra and ANZCO Foods, along with a cross-section of local New Zealanders.

- The promotion of Auckland-born artist Max Gimblett's upcoming exhibition at the Guggenheim Museum to Kea members. This is the first time a New Zealand artist has exhibited at this prestigious museum.
- Co-hosted (with NZTE) the second "New Zealand · New York · New Thinking" event, exposing successful New Zealand businesses to a VIP audience of over 200 in Manhattan.
- New Zealand engineer Dave Palmer of the Arup Group talked about current New York Transport projects the firm is involved with, plus the design and building of the major stadiums for the Beijing Olympics.
- New Zealand international tax advisor Jonny Lindroos of Ernst & Young presented the tax implications of the two major party US presidential candidates.
- New Zealanders and "friends of New Zealand" in the American TV business took part in a panel discussion on the inner workings of American TV.

In addition to Advisory Board members and New Zealand public dignitaries, high profile New Zealanders who have attended recent events in North America include:

- Chris Spencer, Senior Vice President Creative Services, HBO TV Channel
- Clive Holmes, Managing Partner, Silverfern Investments
- Craig Nevill-Manning, Engineering Director, Google
- Dave Palmer, Partner and Head of Infrastructure Americas, ARUP
- Jonny Lindroos, Senior Partner, Ernst & Young
- Mark D'Arcy, Chief Creative Officer, Time Warner Global Media Group
- Scott Dixon, professional sportsman.

Kea special interest groups

The Regional Manager has established five Kea North America interest groups:

1. Cultural issues and events network
2. Social issues and events network (to be linked with the Kiwi Club in New York)
3. Academic issues and events network
4. Philanthropic issues and events network (some with education link)
5. Business issues and events network.

The Regional Manager also established a sector group for people actively involved in food and beverages in North America: providing a market networking resource to trade information and joint opportunities for sales, promotion, and distribution of products.

I Members are typically executive-level employees of active import companies, such as Tony McDonald of Silverfern Specialties, Graeme Lindsay of DNG, and Angus Cleland of Terra Pacific. There are also representatives of major New Zealand entities such as Fonterra and New Zealand Lamb Co-op, and New Zealanders working in various capacities for American companies in the food business.

Kea's Regional Manager explained that he also encourages New Zealand food and beverage companies to increase awareness of their presence and brand in-market by providing free or reduced price products for Kea events.

Kea intends for this to give Kea members and guests exposure to the products and they learn how/where to source them from.

Kea's view of itself in North America

The information below was gathered through interviews by the authors.

Activity to date and the introduction of the Regional Manger

Kea North America receives considerable amounts of help and support from its volunteer Advisory Board and members who volunteer their time, ideas, and passion to New Zealand through Kea. This enables Kea to keep regional costs down and provide a larger volume and range of events and support services than it could otherwise do. These are essential to develop the social glue that sustains and grows the network.

The Regional Manager's appointment has enhanced the breadth and efficiency of the New Zealand presence in New York and elsewhere in North America; especially in the regions where new local Chapters have been established or expanded. Membership has grown over 16% since the appointment of the Regional Manager in March 2008.

The Regional Manager estimates that there are probably another 5,000 New Zealanders in North America that meet the target profile for Kea membership (roughly double its current number of members). The regional Manager attempts to attract more of these

people and other friends of New Zealand into the network through event promotion and other activities Kea undertakes in the Region (such as the Everyone Counts initiative)

Volunteers get fatigued with the workload of pulling off an event without the assistance of the Regional Manager. Strategic direction for the Chapter can also be provided by the Regional Manager, who has an intimate understanding of local circumstances, who the players are, and what they can offer in key areas. For example, critical mass has been reached within some Chapters and the Regional Manager can now start to segment Kea membership into more discrete areas of interest and activity.

Many agencies and members prefer to contact the Regional Manager for advice and assistance (rather than rely upon the website for connections) and the level of enquiries has increased significantly since the appointment of the Regional Manager.

The role for Kea in North America

Kea in North America considers itself to be non-partisan politically and not competitive with other NZ Inc activity and organisations. The Regional Manager does not consider the activities of Kea to duplicate NZTE or MFAT and perceives there to be a complementary

but distinct role for each organisation. Kea also provides a “Kiwi” focus that can be missing from the joint US/Australian Chamber of Commerce (also reflected in London where New Zealand is no longer a part of the Chamber).

Kea considers that it provides a business focus for like-minded people and aspirational motivation to all expatriates and friends of New Zealand. It helps build and maintain pride in all things New Zealand; its staff and members love doing this. Kea considers that all of its members want to contribute to New Zealand and the challenge for Kea is to effectively channel this back to New Zealand.

Kea members include senior executives of major international firms in areas of strategic interest to New Zealand and the potential for them to provide value to New Zealand is very high. Kea wants to provide a vehicle for them to make a worthwhile contribution.

The Regional Manager considers his role to be that of an introducer rather than a hands-on facilitator. He does not consider it appropriate for him to ask the detail of commercial transactions. He is aware of business plans being made and discussed by members but is unable to divulge details (especially in areas of commercial sensitivity such as venture capital). Similar comment was made in relation to the level of additional resource that would be required for Kea to track such things in a manner that respected the confidentiality of the parties involved.

The Regional Manager also spends much of his time talking to people in order to facilitate successful Kea events at volunteer-led Chapters.

The future for Kea North America

Kea is in many ways and in most locations a new kid on the block in North America. Kea will look to develop all five of its sub-network interest groups through promoting activity and events that are relevant to them. One of these is focussed upon business activity and should provide a useful channel for economic links with New Zealand. The Regional Manager is yet to come across a Kiwi who is not willing to help NZ Inc in some capacity.

Two to three years out the Regional Manager would like to see more volunteer-led Chapters established and growing. One Regional Manager is able to seed and support a lot of voluntary activity. However, the Regional Manager does acknowledge that some cities, such as Los Angeles, are not conducive to the presence of a strong volunteer-led Chapter due to the distances between members and travel times involved in attending meetings/events.

It is considered by Kea that a Regional Manager needs to have a strong support base in a major population centre of Kiwi expatriates in order to be able to then expand into relatively less populated areas in the Region. Although Kea provided value in areas without an MFAT or NZTE presence it was not considered feasible for Kea to focus only on these areas or where Kea is otherwise able to fill a gap in activity normally undertaken by other entities. To focus on expatriate populations who do not live in major cities would create critical mass issues and detract from Kea’s sponsorship potential. Rather than duplicating, Kea can network different members of the expatriate population centres that contain other New Zealand focussed entities and can also undertake complementary forms of engagement with expatriates.

The Regional Manager considers that Kea North America will struggle to become self-sustaining in the current sponsorship environment. This is particularly in relation to

administrative costs related to the Regional Manager; the situation for event sponsorship (financial contribution or in-kind support) and ticket sales is reasonably positive in terms of break-even events.

Overview of stakeholder perspectives

The information set out in this section was gathered through interviews by the authors unless otherwise referenced. It is presented in summarised form at the request of several interviewees - and to allow for timely report writing in relation to getting permission for the attribution of specific quotes.

New Zealand Trade and Enterprise

Varying success since initial launch of volunteer-led Chapters

It was considered that Kea had operated with varying levels of success over time in different locations within North America (volunteer-led Chapters have arisen, undertaken activity, and then petered out). Views on the level of benefit delivered by Kea to date varied by location of the interviewee and their level of involvement with Kea. It was acknowledged that the primary focus of Kea was on business, even if it undertook social events in order to facilitate this. Although there had been niggles in the past Kea is now valued, both by NZTE and companies.

The arrival and work to date of the Regional Manager was welcomed. The Regional Manager's support was considered essential to maintaining volunteerism and keeping Chapters invigorated. As mentioned in the previous paragraph, some volunteer-led Chapters had fizzled out, and only recently become active again with the introduction of the Regional Manager.

Los Angeles was identified as a city in which Kea would always struggle to attain critical mass due to its geographic spread. Kea's work in New York was identified as an illustration of successful activity that was delivering real benefits to members and back to New Zealand. The members there have extensive networks into North American industry and have provided a number of New Zealand companies with advice.

Kea does not duplicate other public or private activity

Where Kea does have North American members (geographically or in an industry) it is considered very useful to provide connections to people or firms that NZTE would otherwise have to try and develop through "cold calling".

It was not considered that there was duplication between the activities of NZTE and Kea in North America where both had a presence. It was also considered that Kea provided real value in locations without a significant NZTE/MFAT presence, such as Boston. It was considered that there were a number of cities in North America that would have sufficient numbers of expatriates to justify a Kea presence but not that of NZTE/MFAT.

Provided the roles of Kea in relation to other NZ Inc players were clearly established, and the risk of duplication mitigated, there was support for Kea to have an expanded presence in North America. It was also thought that if Kea were to continue to receive public funding for this presence that it should then be present at the two NZ Inc meetings that are held each year in the United States.

Kea should focus on growing and strengthening its local networks

Views on what form the ongoing presence should take varied, from (1) Kea merely being a low cost platform to send out messages and undertake marketing through to (2) a thicker network that takes a more active role in connecting expatriates with New Zealand and promoting the interests of firms that do not receive NZTE support or across areas in which NZTE is spread thin. There was comment that the Regional Manager should be supported administratively and provided more resources.

Aside from working in areas with a low NZ Inc presence, Kea could do things that the government cannot. For example, it was suggested that Kea might try to take advantage of Facebook, LinkedIn, and other open access networking tools to extend its membership and further reduce costs. The American Australian Association was given as an example of an entity of a similar nature that had become self-funding through the holding of major “black-tie” events; some of which raise millions of dollars.

It was also suggested that Regional Managers would benefit from increased operational flexibility and financial autonomy in order to direct or contribute to fast moving local events/situations.

The Ministry of Foreign Affairs and Trade

An effective network requires active Regional Managers

It was the view of MFAT interviewees in North America that a virtual network serviced by volunteers does not work well in practice; people need face to face and social interaction in order to build strong bonds. Salaried staff are required to create ongoing momentum beyond the initial enthusiasm. This is especially the case in relation to administrative tasks -members who volunteer are busy professionals.

Experience in North America is that the Regional Manager helped resuscitate several Chapters that were faltering or had become inactive and also grew Chapters in locations that had not previously been active. It was also considered that the reach of Kea beyond Chapters supported by the Regional Manger was fairly limited. Kea would also struggle to achieve sustained activity in geographically dispersed areas such as Los Angeles.

The membership provides value but it will take time to become apparent

Kea is considered cost effective and it was suggested that the possible gain to New Zealand from diaspora should not be discounted. This was considered to include contributions to social and culture development as well as economic. Kea is seen as increasingly focussed on adding value through segmenting its activity.

MFAT has found that the calibre of people at Kea events in North America is high many are executives or otherwise successful. Kea has provided a number of new contacts to MFAT that have been of use.

The exchange of ideas within and from the network was also considered valuable, as was the inclusion of friends of New Zealand within the network.

The experience of MFAT has been that it takes time to build networks that deliver significant benefits and it is possible that Kea in North America is not yet sustainable; the issue of when it could be expected to be self-supporting (to a level) is not certain.

MFAT did not think that Kea in North America had a social focus except as would be normal for a business network to function.

Interviewees considered that Chapters were willing and able to provide NZ Inc benefits but they were not sure how well this goodwill was being captured by New Zealand.

Kea should not focus on developing its own services

Kea was seen as having done a fantastic job with its databases and growing membership, but MFAT suggest caution be taken to any development of Kea's own capabilities beyond this point due to the potential for duplication to arise or insufficiently supported

services to be delivered. This was considered separate from the issue of service delivery of discrete programs for government agencies (as per WCNZ) or channelling members into NZ Inc activity.

At present Kea's resources are thought to be stretched and Kea is perceived to be active in different areas from MFAT, but there was concern that duplication might arise if Kea was provided with much more resource without first having a clear mandate.

Appendices

Corporate network survey findings²⁵

First Tuesday's benchmarking survey of 15 of what it describes as "the most prominent large corporations with alumni programs" provides both a background on the status of these networks and some findings regarding the basic operations, membership, benefits for the alumni and the sponsoring organisation, and critical success factors.

All of the companies involved were multinationals, and the respondents were based in either the United States (30%) or Europe (70%). The companies covered several industry sectors, including professional services and management consultancy, information technology, manufacturing, travel, and pharmaceuticals.

Organisational findings

Several of the findings are reported below:

A large majority of the companies (about 80%) justified development with a formal business case, and approximately two-thirds of them regularly monitor the program's performance based on key metrics

Staffing requirements to support the program also vary considerably, but the indications are that on average one full time employee can support about 3,500 alumni

While enrolments vary widely, the average rate is around 40% of qualifying alumni

To ensure targeted offerings to members, the most successful programs segment their membership (the most common categories are geographic or regional, former job function, and retirees)

Several companies also have separate programs for former high-level employees

Roughly half the companies allow current employees to join the alumni program.

Alumni member benefit findings

The report findings in relation to benefits for alumni members were:

- **Connection:** The highest ranking of the perceived benefits for alumni were in line with rather traditional ideas of alumni associations: they would offer opportunities for former employees to make some unspecified kind of connection with colleagues and the company, most likely at social events for that purpose
- **Knowledge and Innovation:** The group of benefits in the next highest rank were concerned with knowledge and innovation: the alumni network could lead to new business opportunities, connections with venture capital, or special interest forums among the participants

²⁵ First Tuesday Zurich (2007) *Corporate Alumni Networks: Leveraging Intangible Assets*.

- **Company initiatives:** The lowest-ranking perceived benefits included the most concrete or tangible kind that would depend on specific company initiatives, such as education and travel programs, and corporate purchasing discounts
- **Job opportunities:** Responses for one item suggested there may be a significant gap between company and alumni perceptions: while the Thought Leaders at the Think Tank consistently expected alumni to be most interested in job opportunities outside the former company, the company respondents ranked this potential benefit among the least important. Job opportunities at the company, naturally, ranked somewhat higher, but not by very much
- **Mentoring:** Opportunities for mentoring also received a fairly low score from the companies, which probably reflected their divided opinions about supporting contact between former and current employees.

Sponsoring organisation benefit findings

The report findings in relation to benefits for sponsoring organisations were:

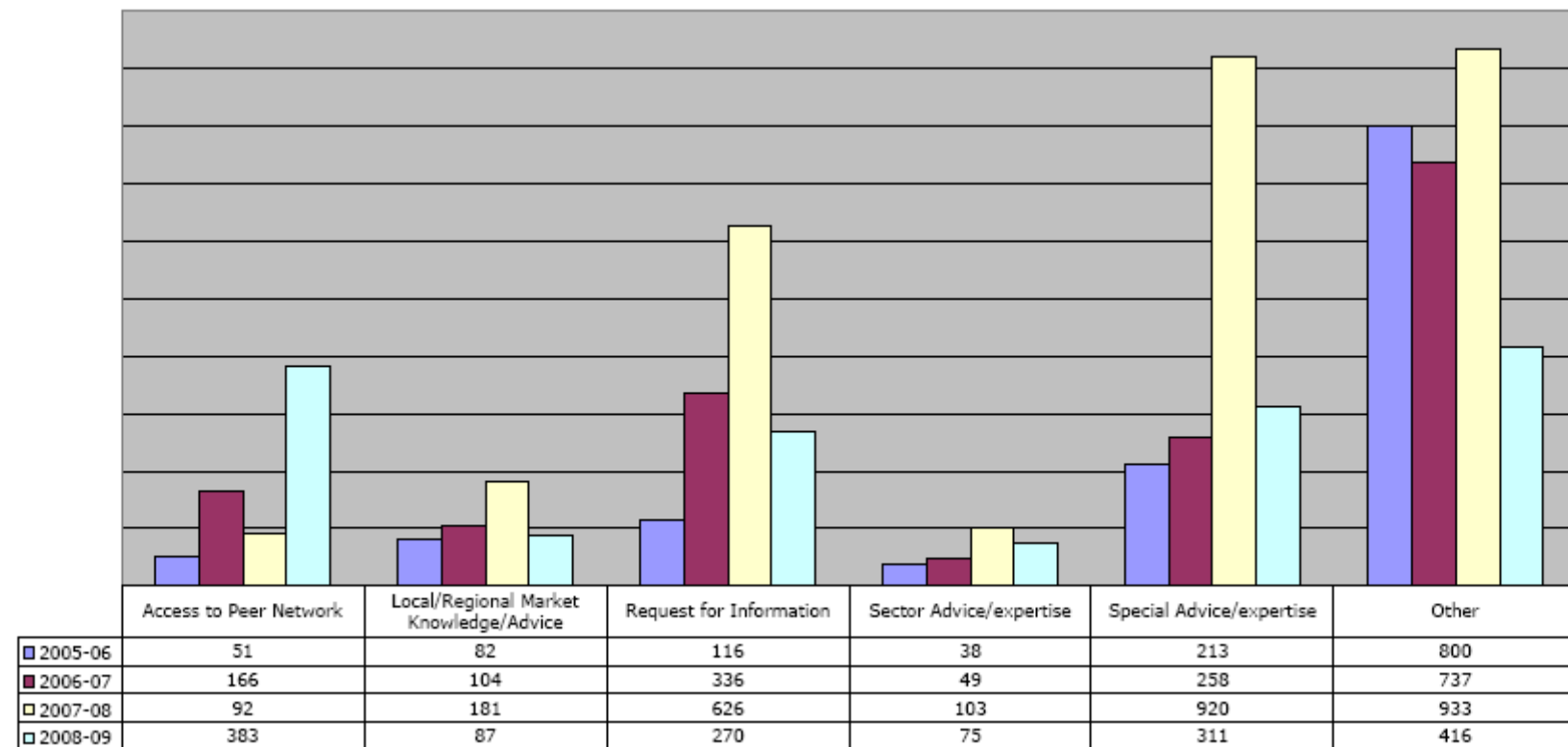
- **New business:** Among the highest ranking benefits for the company identified by the respondents was the alumni's potential for new business, specifically former employees may become new customers
- **Marketing & Public relations:** A closely related, and equally important, expected benefit was that strong alumni relations would contribute to the company's marketing and public relations programs
- **Recruitment:** Also among the top benefits in importance was that the alumni network would assist the company's recruitment program by providing access to promising candidates
- **Other benefits for recruiting,** which ranked nearly as high, included the pre-screening of candidates and the potential for alumni themselves to become rehires
- **Knowledge and insights:** Another cluster of benefits to the company, ranking just a bit lower than the previous, fell in the area of knowledge and insights. These companies are clearly thinking of alumni as potential partners in collaboration on projects, as sources of innovative ideas, and as subjects for market research. Their potential as mentors for current employees, on the other hand, ranked considerably lower
- **Long term investors:** Alumni are also valued as potential long-term investors in the firm.

The report's findings in relation to key success factors for private alumni networks were:

- Enlist boardroom-level support for the program and sustain it with periodic board reviews of performance progress
- Promote the network's reputation internally to current employees
- Plan for commitment to the long term (don't "dabble" and then retreat)
- Ensure that the budget is adequate and in line with the business case

- Establish clear goals and objectives – particularly, when the potential for rehiring alumni is part of the program, be sure to manage expectations to avoid disappointment.

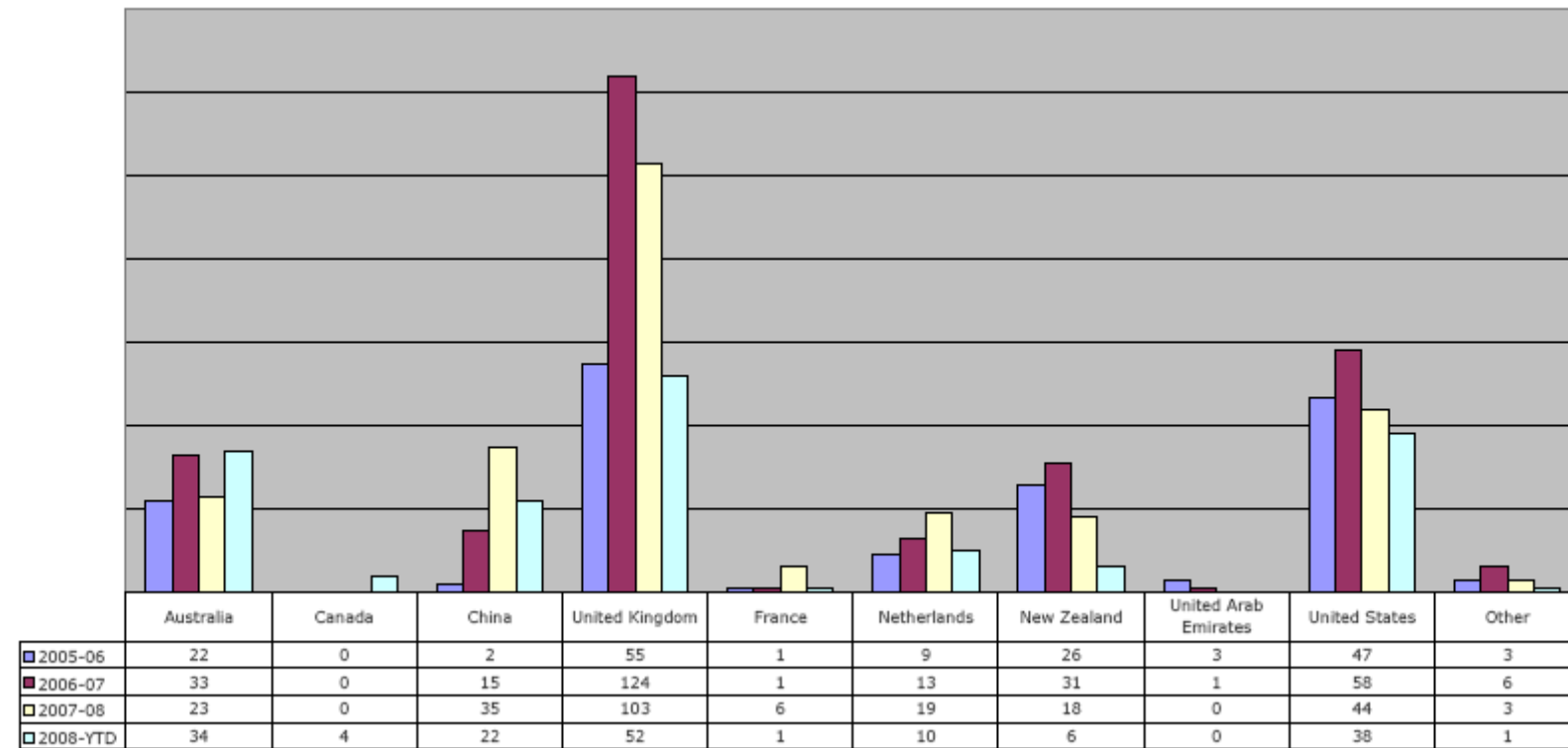
Kea website “member to member” contact type



Note: figures for 2008-09 are YTD (01 July 2008 to 24 February 2009). “Other” contacts include members promoting products/services to other members and members looking for job opportunities with a specific company or country. They also include contacts related to establishing mentoring relationships (seeking and providing mentoring beyond advice on specific/single issue).

Source: Kea (2009)

III Kea events: country and year



2008 figures for the period 01 July 2008 to 30 January 2009.

Source: Kea (2009)

IV Illustrative examples of Kea commercial assistance

Connecting ideas with capital – Anzode Inc

Anzode Inc provides a good example of how Kea members in North America helped commercialise New

Zealand research. The full story is available online and includes the following quote:

“Mr Officer began investigating what might be involved in licensing and marketing it to international battery manufacturers. He admits it was outside his field of expertise but at a meeting of Silicon Valley Kea (Kiwi Expats' Association) he met a team of people who helped him piece together a strategy and form a company. ‘I talked to a wide range of experienced and connected New Zealanders who helped shape my thinking. At the end of this process I had enough funding to get through the negotiation process with Massey University and secure the technology.’ The new company is called Anzode. Massey granted it an exclusive global license to the zinc battery technology. Anzode spent more than US\$100,000 patenting it in more than 30 countries and territories.”

Massey University now receives royalties and maintains a research development facility for the technology. Massey’s promotional material also explicitly sets out the role of Kea North America in the development. The company that resulted rose over \$4 million in Angel capital and commercial returns are now being made.

www.electroline.com.au/articles/776-Battery-breakthrough-puts-NZ-on-the-map

Chris Officer first approached Kea in 2003 – before it received Ministry of Economic Development funding. Anzode Inc has been client managed by NZTE since 2005. They have received grant support and are in the process of applying for Beachheads membership.

Assistance with the North American market – IBEX Technologies Ltd

Recently, I made contact with Geoff Andrews at the New York branch of KEA NZ to ask for assistance in our search for a US based advisor to help with our upcoming US launch.

KEA USA utilized their local network to identify a list of potential candidates.

I have been in communication with several of them, and in fact met with one candidate last week. We are now considering this particular person to open up the Canadian market for our technology.

The KEA network is an extremely valuable source of contacts and information.

IBEX Technologies Ltd is a New Zealand based technology company with over 25 years experience in the specialized design, development and supply of temperature change and product sorting solutions. IBEX technology is widely employed throughout the global meat and food processing industries in the form of industrial chillers, commercial freezers and intelligent sorting systems.

Craig Wilson, Sales and Business Development

IBEX Technologies Limited

NZTE have client managed IBEX since 2007

A Kea member provides business connections – advice to a US retailer

For confidentiality reasons, names cannot be provided, but the following outlines an example of the connections Kea provides for its members and New Zealand companies.

A top retailer in the United States, with annual sales over US\$55 billion is opening in Australia. A United States-based member of Kea currently supplies this retailer and accompanied the retailer's buyers on a visit to Australia.

While in Australia, the buyers asked the Kea member to identify a reliable supplier of New Zealand goods for their Australian operation. On returning to the US, the Kea member contacted Kea's Regional Manager in North America for advice.

The retailer researched the company suggested and, through the Kea member, asked Kea's Regional Manager for an introduction to the New Zealand supplier on their behalf. The New Zealand supplier and US retailer are now in serious discussions.

Once established in Australia, the retailer plans to expand into New Zealand.

Information provided by Kea

Making introductions – KEA Manufacturing Limited marketing assistance

Kea's Global Talent Centre Manager initiated discussions between Tourism NZ, NZTE, and KEA Campers (trade name) in relation to the possibility of sending a camper van to Paris for the Rugby World Cup. With the help of NZTE, KEA Campers sent a six berth van to Europe, on the same ship as the Giant Rugby Ball.

KEA Campers received media publicity, including coverage on ASB Business that highlighted their export of six berth vehicles into Australia and the vehicle sent to Paris for the Rugby World Cup. The camper van remained in the United Kingdom for 12 months and KEA Campers provided a special deal for Kea members wanting to tour the United Kingdom.

KEA Campers' New Zealand Sales and Marketing Manager emailed Kea to say:

You were instrumental in getting the wheels turning early on with our involvement for the Rugby World Cup, and we wish to thank you very much indeed for helping us use the network to make this happen!

Information provided by Lynn Briggs, New Zealand Sales and Marketing Manager

Kea Manufacturing Limited has been supported by NZTE since 2006 and has received grants

Kea helps bring a successful company to New Zealand – Holistics Ltd

Holistics (formerly Crystal Solutions Ltd) had its origins in the United Kingdom during 2001 and 2002, when kiwi-espatrian Hollie McDowell created the licensing tool CLARET while working for Microsoft UK. CLARET allowed Microsoft to quickly and accurately generate an effective licensing position for any customer. Demand for license profiling services worldwide swiftly increased as a consequence of this innovation, with Holistics absorbing the majority of this work.

Holistics continued its license profiling work while based in Berkeley, California for two years. A decision was then made to bring the company back to New Zealand in 2004. A key influence in the decision to move to New Zealand rather than stay in the United States or move back to the United Kingdom was the industry contacts established by Holistics founders through their involvement with Kea.

Once established in New Zealand, Holistics quickly grew to a peak of 30 employees, and has generated more than \$10 million in export revenues to date. The company was a finalist in the 2007 New Zealand Export Awards, the Deloitte NZ Fast50, and the Deloitte Asia-Pacific Technology Fast500.

Holistics makes extensive use of the international networks developed by its founders while living and working overseas. They are currently pursuing a major contract in Australia that resulted in large part from a connection made through Kea 4.5 years ago, which indicates how some economic payoffs from Kea activity to date might continue to eventuate in the future.

Ross McConnell

CEO Holistics

<http://www.holistics.co.nz/about/16/>

Ross was formerly the CEO of Kea and is still on its Board

Product promotion to an international market – BBQ example

New Zealander Scott Dixon won the Indianapolis 500 race on Sunday, 25 May 2008.

After being notified by TVNZ that Scott would be visiting New York City and was keen to celebrate his success with fellow Kiwis, Kea's Regional Manager North America organised a spontaneous party for Tuesday, 27 May 2008.

Kea's Regional Manager contacted NZ Lamb Co-op and invited CEO Shane O'Hara to attend. Shane couldn't make it, but offered a lamb BBQ for Scott and his team – a gift presented to Scott by Kea's Regional Manager.

Several months later, Scott's representatives called Kea's Regional Manager to advise Scott would like the BBQ at a race in Watkins Glen (upstate New York).

Kea's Regional Manager and his wife, and the CEO of NZ Lamb Co-op and his wife and children, drove up to Watkins Glen and cooked a BBQ for 60 people. They also supplied pavlovas imported from New Zealand by Tony McDonald of SilverFern Specialties.

The BBQ was filmed by IndyCar TV and the coverage was picked up by ABC Sports, which televises the Watkins Glen race nationwide. Senior Vice President, NBC News and Sports advised the average cost of advertising on national television in the United States is US\$12,000 for a 30-second spot. On that basis, the two minute media coverage could be valued at US\$48,000.

On short notice, Kea was able to organise an event and connect Scott Dixon with Kea members and friends of New Zealand based in New York.

Kea achieved national media profile and coverage for two New Zealand businesses: NZ Lamb Co-op and SilverFern Specialties.

- SilverFern Specialties reports: the media coverage provided an opportunity to "get a foot in the door" for their products with Kroger Co, one of the largest grocery retailer chains in the US market with fiscal 2007 sales of \$70.2 billion.
- Feedback from Shane O'Hara, NZ Lamb Co-op:

"Kea's organisation of the BBQ was impeccable. Their Regional Manager's enthusiasm and work to pull this off was top notch. It is hard to place a dollar value on the BBQ, but for our investment of a case of lamb rack and some Cervena venison, we were paid back hundreds of times over. I received numerous phone calls from friends and associates who saw the news spot. The Regional Manager's ingenuity to obtain national coverage for an impromptu BBQ is highly commendable."

Information provided by Kea

Supporting informal expatriate networks – agriculture in North America

I'm a big supporter of Kea's work and what it's trying to do. In general I see the role of Kea and other, less formal, expat networks as being very complementary to what the New Zealand government agencies are doing offshore. In practice, duplication and unnecessary overlap are pretty rare.

At Finistere we're involved with two projects in the American Midwest that are deeply involved with New Zealand's global expat network:

- We are working in a joint venture with dairy farmers from Southland to establish model dairying operations in Missouri. This joint venture has all arisen through networking with people in New Zealand who had the expertise we needed. Folks we knew in New Zealand talked up the fact that we were interested in setting up dairy operations in Missouri, and they put us in touch with the people in Southland who we've worked with over the last 18 months to create joint venture. The global Kiwi network has been very material.
- Our firm has been chosen by the state of Missouri to be the General Partner running a new agricultural innovation venture fund of \$US15-25 million. There is potential benefit for New Zealand firms, because the fund's strategy includes facilitating technology transfer by investing in companies that want to locate (or relocate) in Missouri. For New Zealand agricultural technology companies, a base in St Louis or Kansas City may make more sense than the traditional San Francisco, Los Angeles or San Diego bases; they can be close to the research and the land, not just close to their offshore investors.

A "New Zealand dairy cluster" has been forming in Missouri, based around the relationships among and with the Kiwis who have invested there. Fonterra and Gallagher's have substantial presence in Kansas City, so there is a growing presence in the central US of New Zealand agriculture technology companies.

My impression is that the collective outward FDI by New Zealand companies in US agriculture is approaching \$US75 million – which is pretty remarkable when compared to higher profile sectors like IT and life-sciences. And that's the thin edge of the wedge, because despite the current downturn the fundamentals of dairying in these locations are very strong and New Zealand has superb expertise and technology to add.

The role for organisations like Kea is to reach back into New Zealand and find companies and individuals who might be able to take advantage of these networks and investing opportunities, or career pathways. That's what Kea is set up to do and is doing; the relationships and networks we're part of in the Midwest perhaps creates an opportunity for Kea or someone like Kea to set up a new layer among agricultural networks within New Zealand.

Arama Kukutai

Managing Director, Finistere Ventures LLC

Helping facilitate business investment in New Zealand: Mobile Mentor

In the 2008 Deloitte Fast 50 Awards, Mobile Mentor was the 13th fastest growing company in New Zealand, the fastest growing employer, and the fastest growing investment in R&D, in the Auckland region.

The company was founded by a former Nokia executive in the ICEHOUSE in 2004 and partly funded by the ICE Angels. The Kiwi Network comprises people from The ICEHOUSE Incubator, Beachheads programme, Kea, and other informal groups.

It has directly yielded \$100 million in export contracts and a number of international investors who have contributed millions of investment capital into the business. The network continues to expand and is helping Mobile Mentor with a pipeline of potential contracts in the UK, USA and China.

Jamie Macdonald, a returned Kiwi expat, joined Mobile Mentor as the Chairman in 2005 and made the connection to a former colleague in Brazil called Brian Schicker. Brian secured a 5 year contract with Telecom Italia in Brazil worth ~\$50 million. He also secured local investment capital, recruited local management, and established a board of directors.

Wendy Thompson made the connection to her brother Anthony in the head office of Telstra in Australia. Around the same time Pete Kendall, formerly of Vodafone UK, made the connection to Kim Clarke in Vodafone Australia. Kim joined Mobile Mentor as Managing Director for Australia and working through Anthony Thompson, secured a 5 year contract with Telstra worth approximately \$50 Million.

Bridget Liddell (Kea Board member and Chair, US Beachheads programme, NZTE) made the connection to Kevin Roberts at Saatchi who introduced Mobile Mentor to a significant New Zealand firm which may lead to a large commercial agreement.

Andy Hamilton (Kea member) made the connection to Dennis Hamann who became an investor and moved to New Zealand to join Mobile Mentor as Director of International Business Development. Dennis made the connection to ZQ Shr in China where Mobile Mentor recently signed a pilot agreement with one of the largest mobile operators. Dennis also made the connection to Robin Nijor in the USA who became an investor and the CEO of Mobile Mentor, USA.

Ivan Moss (Kea CEO) made the connection to several alumni of IMD in Switzerland, both in New Zealand and overseas. Several of these alumni became investors in Mobile Mentor and Chris Sattler brought in other investors from Japan, China, Switzerland, the United Kingdom, and Germany. Chris is now on the board of directors.

Mobile Mentor actively engages Kiwis in overseas markets to reach target customers, raise capital, and identify management talent. It intends to leverage the Kiwi community to extend its reach, build a thriving service business, and provide careers opportunities for people in New Zealand and abroad.

Information provided by Denis O'Shea, CEO Mobile Mentor

NZTE has provided Mobile Mentor with grants and support since 2005. Mobile Mentor is a client of Beachheads in the United States and the United Kingdom

Kea sponsorship – sponsor and partner benefits

Pitcher Partners sponsors Kea's legend lunches and have met several new clients at those lunches.

NeatMeat, gourmet NZ lamb distributors, obtained new corporate clients as a direct result of sponsoring and serving their meat at a Kea event.

UBS has had calls from Kea members in response to their regular economic comment in the Kea Australia newsletter.

Freespirit sponsorship of numerous Kea events contributed directly to Kea members signing up for its contract management services (salary packaging software).

'Emerging NZ Fashion' event at Moku Boutique generated revenue for the store, and a contact database for continuing business.

Waikato Alumni has increased their profile in Sydney and Melbourne, and connected with their members following the Jim Bolger event they partnered with Kea.

Chapters also provide vital one-on-one connections between sponsors and members, for example the following request from Air New Zealand:

we will be taking a group of business media to Tokyo (3-6 March 09) and Shanghai (7-10 March 09) with the intention of showcasing successful Kiwis working in the regions. We'd appreciate any assistance Kea could provide in identifying suitable successful Kiwis in these regions that we could put forward as contacts to the group we are hosting.

Information provided by the Ministry of Economic Development and Kea

V) Non-commercial benefits from Kea

Creating links – Craig Nevill-Manning volunteering advice

Craig Nevill-Manning founded Google's first remote engineering centre in New York, where he is an engineering director.

Craig has contributed to significant innovations in Google's core functionality, as well as leading the development of 'Froogle' which became Google Product Search. He also played a key role in Google Maps, and spearheaded the launch of Google in Maori based on translations from numerous Maori speakers.

Craig continues to promote New Zealand through his work at Google: internships for New Zealand graduates; funding for New Zealand-based research projects; and providing sabbaticals and speaking opportunities for visiting New Zealand academics.

As winner of the 2009 World Class New Zealand Award for Information & Communications Technology, Craig will be in New Zealand early April 2009. Through his relationship with Kea, Craig has offered to meet with New Zealand ICT companies while he's in the country. Kea has organised meetings with Orion Health and Gen-i.

Stephen Tindall has told the Ministry of Economic Development of Craig's offer and they have requested a meeting with him to discuss key issues affecting New Zealand and New Zealand's economic development policy for digital content and inter-firm collaboration. The Ministry of Economic Development have set out several areas in which they wish to receive Craig's thoughts and suggestions for future policy direction.

Member profile provided by Kea, Kea role in linking Craig with the government provided in email communication from Stephen Tindall.

Other Kea activity: facilitating arts, culture, film, music, and sport

Kea provides support for the New Zealand cultural sector by promoting and publishing event details for a very wide range of singers, bands, artists, and sports teams.

Aside from the social and cultural benefits for members this activity helps support overseas (export) sales of New Zealand creative and sports sectors.

Events ranged from promoting Dave Dobbyn, to Black Sheep, to Red with the Royal New Zealand Ballet. Assistance is also provided to help facilitate lower profile events, such as the visit to the United States by the Auckland Youth Symphony Orchestra.

Information on over 30 events/groups/people that have been promoted were provided by Kea

The Kea network providing support to its members – graphic design scholarship

Kea was approached by Leigh Parker, a New Zealand Graphic Design Lecturer, Master's student, and Kea Member. Leigh had just been offered a Fulbright Scholarship for advanced postgraduate research (flights, insurance, and US\$25,000). The offer had come through late which only provided a narrow window of opportunity to take advantage of the offer for the fall semester 2007.

To ratify the scholarship, Leigh needed an affiliation with a New York Design Institution. The affiliation would enable her to conduct a component of her Master's research in the United States. Leigh was struggling to make any inroads with institutions in the United States so approached Kea for help.

Kea approached several members in the design industry in New York, including Kevin Roberts, Worldwide CEO, Saatchi & Saatchi, who forwarded the request to Bob Isherwood, Worldwide Creative Director, Saatchi & Saatchi. Bob Isherwood approached:

- Robin Landa, distinguished Professor and Head of Design at Kean University in New Jersey.
- Ji Lee, Designer who suggested Leigh contact Richard Wilde, School of Visual Arts, New York.

Leigh contacted Kea to say she had secured an offer from Carnegie Mellon University in Pittsburgh. She went on to say:

I was moved by your quick response and again wish to thank you. This week has been one of the most amazing weeks of my life. Since sending the 'help' email to Kea as a near last resort, my inbox had a constant stream of emails showing support and offering to help me. It is truly excellent to be a Kiwi and to know there are other Kiwis around the world looking out for each other.

I would really appreciate it if you could also forward my thanks to the key people you contacted in New York. The help I received came through so quickly and was very useful. It made me feel very overwhelmed and honoured. The Kea Community is a brilliant network and I cannot really thank you or the network enough.

Information provided by Kea and correspondence from Leigh Parker

The offer from Carnegie Mellon University did not result from the assistance provided by Kea

Other Kea activity: the Hui Taumata MBA Scholarship

The Hui Taumata Trust is a successful partnership of Maori leadership, business, unions and government. The Trust aims to enhance Maori economic development, and Kea has been working with it over the past year to launch a global Maori network, based on the Kea website platform.

Cranfield School of Management is one of the United Kingdom's longest-established business schools. It has a strong international orientation, with close links with companies and other schools and geographic regions. In 2008, Cranfield School of Management was ranked 13th out of the top 100 business schools by the Economist Intelligence Unit.

Kea's United Kingdom Regional Manager met David Thompson from Cranfield University and through Kea passed details of scholarship opportunities to the Hui Taumata Trust.

Cranfield School of Management, in partnership with the Hui Taumata Trust, is now offering two full or partial scholarships for Maori to undertake its full-time, 12 month MBA course which starts in late September 2009. Kea considers that the partnership between Cranfield and the Hui Taumata Trust would not have arisen without direct involvement by Kea.

Each scholarship covers not less than half the tuition fees – £14,000 (approximately NZ\$ 40,000); whilst for outstanding candidates, a significant contribution to the fees, accommodation expenses and cost of travel could be available, worth up to a further NZ\$60,000.

Information provided by Kea and David Thompson, New Zealand Co-ordinator for Cranfield, scholarship

Details available <http://www.som.cranfield.ac.uk>

VI) Summary of individual entity/agency perspectives

Kea's perspective

Interviewees included the Chief Executive, two Regional Managers, and a Board Member. A large amount of contributory information was also received from two domestic contractors to Kea.

Kea provided a detailed background document outlaying its activities around the world. Kea also provided its annual reports and financial documents to the review team. Kea also undertook a survey of its membership with questions supplied by the review team.

Kea considers that its non-profit NGO status allows it an operational freedom that enables it to complement the more structured activity of government entities. Volunteers are able to have real influence over Kea's priorities and direction and attract engagement with many Kea members that Kea considers would not be as willing to participate within a more formal government program environment.

Kea found it difficult to provide the review team with estimates of the economic development contribution it had made to date as it was not resourced to undertake such measurement. Regional Managers do not follow up on the results of

introductions they provide or review member to member communications and interactions. Kea is fundamentally a “light touch” organisation facilitating a loose tie network; its staff members are not involved with transactions or shepherding its members through engagements resulting from introductions.

Kea points out that it is only in the last 18 months that Kea has had the resources to engage permanent and full-time staff to its network offshore and that Kea has been rapidly building its membership, organisational capability, and global activity during this time. The Regional Managers allow for a more strategic approach to expatriate engagement (coordination was lacking when there were only volunteers).

Since MED funding commenced in July 2007, Kea has recruited four full-time Regional Managers, established Advisory Boards in four countries to support them, and set up the legal, employment, and governance structures to support them. Over the same 18 month period Kea reports that it has:

- Grown Kea membership by 30%
- Supported the growth of volunteer-led Kea Chapters in 13 cities
- Been involved with the organisation of over 200 events
- Caused the strong growth of the World Class New Zealand program
- Self-funded a “Kea Global Mentors” pilot project
- Encouraged over 20,000 overseas Kiwis to vote in the 2008 General Election, initiating more than 7,000 new overseas voter enrolments (with a direct impact on two seats).

Growth of contactable membership – with and without Regional Managers			
Year	2006/07	2007/08	2008/09 (YTD)
With Regional Managers	6,148	13,895	15,697
Purely voluntary areas	12,103	6,726	8,354

The focus of Regional Managers on growing membership has encompassed social, cultural, and economic events and networking. Initial results are reflected in the high calibre of people that have continued to come to events and seek ongoing engagement with NZ Inc activity. Membership is growing to the point where sustainable segmentation of Kea membership is possible (areas of interest as well as seniority).

Regional Managers have also had impact on the quality and quantity of interactions in their areas, for example each Region produces a monthly e-mail newsletter outlining Kea and other New Zealand events in the region, and highlighting New Zealand firms, individuals, and success stories.

Creating collaboration between New Zealand-related networks is considered a key focus for Kea. Kea considers itself a key conduit to provide New Zealand small-to-medium enterprises with business connections, introductions, and market insights that will strengthen their capability to spot and evaluate international opportunities. Kea works to this end alongside the New Zealand government, its agencies, and overseas representatives to support and promote New Zealand activities, events, and initiatives.

Kea does not seek to “compete” with or “own” relationships with overseas Kiwis. Instead, Kea seeks to partner with those who have valuable social, cultural, or economic networks and works to enhance their relationships with other expatriates and with New Zealand. Information and contact detail exchanges are occurring throughout the Kea network on a “business to business” basis. Kea considers that it has excellent relationships with people “in the field”.

Kea is in the process of finalising affiliation agreements with the New Zealand Singapore and Hong Kong Chambers of Commerce, and the Kiwi Club of New York. Kea actively collaborates with all the major New Zealand universities’ overseas alumni programmes.

Kea also seeks to keep people abreast of social, cultural, and economic developments in New Zealand; allowing its members to act as “brand ambassadors” for New Zealand.

Kea would like to see awareness of the potential contributions of its network raised domestically within New Zealand. Kea’s members want to help in a tangible way but there are not large amounts of domestically-based people or organisations asking for assistance. This (the home end) has typically been an issue for all diaspora networks.

Kea considers that the membership of its network now outstrips any other and can make a valuable contribution to other networks (adding to their membership in niche areas or linking with other complementary networks) as well as back to New Zealand. It also considers itself increasingly able to prove an effective interface for government policies and programs that intersect with expatriates or extraterritorial activity. There will need to be a higher level of coordination (and segmentation) of the Kea network into New Zealand if this is to be achieved; this may require incentivised engagement with Kea by government and other public agencies.

Interviewees were wary of becoming too closely associated with government, and also of the effects on Kea of delivering “formal” services rather than being a network connected to them. Where Kea has delivered services, for example with World Class New Zealand or the Global Mentors Network they perceive this as a low cost addition to NZ Inc activity rather than competing or duplicating resources (light touch versus deep involvement). Kea considers that it can assist firms that are not yet at the top tier of industry become ready for a Beachheads type program.

The Ministry of Foreign Affairs and Trade

Posts in several regions were interviewed, including North America, Europe, and Asia. The number of people interviewed at each varied, but included the head of mission of each. Information was also received by way of written response to a cable

setting out evaluation questions that was sent to posts not interviewed. Attribution is not given at the request of several of the interviewees in order to facilitate free and frank input into the evaluation. Two of the people spoken to were involved with Kea due to membership of one of its Regional Advisory Boards. Written feedback on the interview questions was also received from one post.

Responses ranged from somewhat guarded support of Kea to support of the theory of an expatriate network combined with a level of scepticism of the value derived for public investment to date. Most interviewees considered that the calibre of people in the network and on its board and advisory boards was high and the networks that they could provide access to were of real benefit. It was thought that there were very capable members who want to contribute to New Zealand, and that more effort should be made to allow them to do so. Feedback also suggested that some Chapters have not progressed beyond social and cultural events and into the realm of economic activity.

In general there was a perception that Kea had oversold what it could do in the past and that some of its current claims of adding value were more aspirational than reflective of ability to deliver. It was thought that the ongoing need to find financial support was likely a cause of such claims and that if significant benefits were to be gained that these still lay in the future rather than having been achieved to date.

The extent to which Kea was actually used and manner in which it was used varied between posts; but the quality of engagement had increased in the past two years. Most people interviewed had made new connections as a result of Kea. It was not thought that there was a high level of duplication with MFAT activity offshore. This was put down to the focus of each organisation being largely different: government and consular activity vs. diaspora networking and a formal vs. light touch approach.

It was also considered that Kea could best add value in areas where there was not a strong MFAT/NZTE presence or commercial representatives and organisations were otherwise lacking (Boston was given as an example of the former and China was given as an example of the latter). It was thought that the local circumstances should dictate the focus of each individual Kea Chapter as well as Kea's approach to that Region/Country (in terms of filling gaps as well as wider engagement).

It was also thought that Kea had a role to play in keeping its members abreast of key developments in New Zealand, noting that it was easy for New Zealanders living overseas to lose touch with what was happening in New Zealand. From this perspective, Kea members, even with the best will in the world, might not always be the best "informal ambassadors". Kea (the organisation) on the other hand could provide a vehicle for updating its members on developments in New Zealand (for example hosting visiting Ministers to address the Kea membership). In this way Kea (the organisation) could act as a "NZ image updater" for its members.

Kea could also help spread key NZ Inc messages. While such opportunities might in practice be limited, an example was provided where Kea and other New Zealand community groups were able to provide their members with an informed response to criticism that was being levelled at New Zealanders in London in relation to food miles.

Interviewees who had direct experience of the work of Regional Managers also had a more favourable perception of the level of value provided by Kea in return for public investment. Regional Managers were considered as required to build and maintain the social bonds that allow a network such as Kea to grow and function sustainably. Posts also tended to use Regional Managers as a first point of contact (rather than the database directly).

Relationships between various NZ Inc actors were described as critical to Kea adding value. The example of the former China Regional Manager not helping the establishment of good coordination or the development of Kea's reputation/credibility was raised both by MFAT and NZTE interviewees separately from one another.

It was also thought that Kea could try to undertake gala events rather than the smaller scale events it is currently undertaking offshore; although this would need to reflect local circumstances.

It was suggested that Regional Managers might also be used to identify potentially large groups of offshore "friends of New Zealand" and New Zealanders without formal engagement with the Ministry; such as dual citizens living in a country under their other documents or "friends of New Zealand" who are favourably predisposed towards New Zealand because of academic or other ties.

Several interviewees considered that the main impediment to Kea adding value was a high level of disjointedness between Kea's good work and networks offshore and people and firms who might benefit from Kea in New Zealand. This was seen as much as a challenge for NZ Inc as for Kea. It was also suggested that Kea would benefit from a more focussed approach and more explicit discussion of its mandate as both a global entity and of each of its Chapters in their different locations.

It was recognised that Kea's role would vary from market to market, and in accordance with the extent to which NZTE or other government departments were active in those markets. That is, Kea might play a more active role in parts of North Asia in terms of mentoring or facilitating introductions than it might do in London or Los Angeles for example. That notwithstanding, a quite firm view was that Kea should develop itself as a loose-tie network that could be a real partner for NZ Inc activity (including in specific areas and economic sectors/segments of interest), but not venture into formal mentoring or involvement in transactions (beyond a first introduction). There were considered to be high risks in Kea taking on anything other than a light touch role; reputationally in terms of duplication of effort by NZ Inc agencies, maintaining credibility amongst its members, and also in terms of legal risks in doing so.

Concern was also raised about the possibility of fraudulent use of the Kea network, or potential for its database and member details to be hacked and/or exploited by people with ill intent. Questions were raised about its level of security and whether checks were in place within the online system to stop it being abused.

New Zealand Trade and Enterprise

Five representatives of NZTE were interviewed, covering perspectives from Australia, North America, and Wellington/Global. All but one was involved with WCNZ or acted in an advisory capacity to Kea on one of its Regional Advisory Boards. Written

feedback on the interview questions was also received from one Trade Commissioner.

The perceptions of Kea varied markedly between the NZTE staff interviewed. Although, as with MFAT, no one disagreed with the concept of an expatriate network adding value to New Zealand, there was disagreement as to whether Kea provided a good return on public investment. The view of one interviewee was that Kea replicated existing networks and had not provided an economic development contribution to date. However, even that interviewee would have been “loathe” to see Kea leave the NZ Inc landscape entirely. Their view was also in contrast to the very positive feedback received from three Trade Commissioners.

The comment was also given in several NZTE interviews that it would be unfair to put Kea into an economic development agency box and evaluate it purely upon this basis; Kea is a loose tie network with social, cultural, and economic aspects. It was thought that benefits across all three areas will be occurring at present even if they have not been measured (either due to the nature of the benefit or a lack of data capture mechanism). Theoretical examples provided were where expatriates might have been kept “warm” on New Zealand due to their involvement with Kea, or further networking that occurred after events or introductions had been made (but well off the radar of the Regional Manager).

Several Trade Commissioners also thought that Kea was adding real value by providing informal advice on offshore market conditions and industry contacts to domestic firms who were in the initial stages of considering market entry (market information and product/service feedback).

As was also the case with MFAT, it seemed that interpersonal relationships on the ground, and different local circumstances in different regions, affected perception of the value provided to date by Kea. The more removed the interviewee was from day to day interaction with Kea the less they perceived Kea as currently providing value.

In general the views of people currently working offshore was that there had been a marked increase in value add by Kea in the past two years; in large part due to the arrival and good work of Regional Managers (and secure funding for these positions which has allowed Kea to operate more independently and develop capabilities). Two of the interviewees who were active with Kea overseas repeatedly stated that they wanted to see further government support for Kea.

It was thought that Kea could complement the work of NZTE if respective roles are clearly established. At present it was not felt that Kea duplicated NZTE, but that this may in part reflected limited resources rather than a deliberate attempt to remain complementary rather than encroach.

However, all interviewees indicated that where services that are not “light-touch” are offered Kea must better ensure users of the service are aware of the level of rigour occurring within the Kea network. For example, members might try to be the expert in cases where it would be more appropriate for them to merely provide the link to an expert. The view was expressed by more than one interviewee that Kea lacked the due diligence and other administrative capabilities required in order to move beyond a role as a loose-tie network or to engage meaningfully in policy development

processes. The view was expressed that just being a Kiwi did not necessarily qualify someone as an expert in anything.

Several interviewees were of the view that Kea would have to make a very strong business case for attracting any funding that allowed them to move beyond a loose-tie network and into service delivery.

Suggested directions for Kea that arose from interviews were:

- That a more strategic approach be taken to targeting areas of expatriate activity in Australia that are of economic interest to New Zealanders (given proximity and concentration of expatriates)
- To further develop sector-based approaches/activities
- To develop a venture capital network of high net worth New Zealanders and friends of New Zealand in areas that expatriates are active
- To provide more focus on updating the image of New Zealand held by expatriates and the other people who reside in their countries of residence.

In general it was considered that Kea had work to do in order to decide its target audiences, find a value proposition for each that complements other NZ Inc activity, and develop delivery mechanisms for that value proposition. A comment that was repeatedly given was that Kea should not try to be all things to all people, and that trying to do so would detract from its ability to provide value in a sustainable manner (e.g. if too much is promised in the hope of getting funding future support will be put at risk).

Beachheads Advisory Board Chairs

Two Chairs of Beachheads Advisory Boards were interviewed; one of whom is also on a Kea Regional Advisory Board.

The Chairs of Beachhead Advisory Boards considered that the work undertaken by Kea was extremely important and should be better supported in the future (in mandate and support if not public funding). When compared to the development efforts that went into the Indian or Israeli diaspora it was considered early days yet for Kea.

They considered that Kea is an extremely powerful concept that was not fully leveraged at the moment. There was not yet a situation in which New Zealand could benefit fully from the many New Zealanders and friends of New Zealand offshore that want to contribute to the country. It was thought that there was considerable reputational risk to Kea of it promising more than it could deliver.

It was suggested that the government should engage with the diaspora as a matter of national priority and dispel the notion that New Zealand considered that expatriates had “abandoned it”. Further support for Regional Managers was considered a high priority in order to build stronger offshore networks. It was thought that the spread of Regional Managers should match the strategic footprint of New Zealand’s overseas diaspora and interests.

Examples of firms that they considered were benefiting from Kea members were Phil & Teds and Wellington Drive (in relation to the development of e-strategies). Alan Nunns, who went on to become involved with Beachheads North America, assisted two technology firms by providing industry contacts and market information (Actronic Technologies and Wellington Drive).

The economic benefits from Kea were not seen as just business-related as there were also complementary benefits in cultural, academic, and research areas that would have an economic aspect as well as being important in their own right. Kea is also seen as playing an important role in welcoming New Zealand dignitaries; for example Kea facilitated a warm reception by local leaders and expatriates for Helen Clark when she visited Seattle.

Events and social connection are seen as needed to build the relationships before people can be asked to contribute money or their time for the greater good. Benefit also needs to be a two way street; it should not be all about milking expatriates.

The Chairs considered that the situation between Kea and other NZ Inc activity is one of complementarity rather than duplication. There was perceived to be a role for Kea in keeping younger professionals and firms that were not yet on NZTE's radar warm to ongoing engagement with New Zealand. It was also thought that Kea might play a role in promoting the idea of expatriates establishing New Zealand start-ups that could leverage off their overseas networks. The need to ensure NZTE and Kea relationship worked well was reiterated by two of the interviewees.

It was thought that the overarching objective for Kea should be to provide a stable channel for connecting New Zealand with its expatriates. A base level of public funding should be in place to ensure that this objective is met and that the network continues to grow. There was general agreement that a slight increase in funding from the current situation would provide good returns without leading to a situation of duplication (for example to provide administrative assistance to the Regional Managers and better develop the virtual network).

There was also one suggestion that funding could be considerably increased from current levels and that the increased benefit to New Zealand would considerably outweigh the cost.

Department of Labour

Two representatives of the Department of Labour were interviewed as a part of this evaluation. It was considered that Kea had had many good ideas since its inception but has struggled to implement them. Their perception of Kea was that it had at times struggled to get financial support, and that much of the network's efforts to date have been about raising its profile and attracting sponsorship/funding.

They felt that there was a level of duplication between the New Zealand Now website and the Global Talent Centre (and also with privately operated employment websites). With the length of time required to develop a new market it was thought that public investment in Kea should not be based upon a short investment horizon.

It was thought that Kea could play a useful role in the future acting as a network between various other New Zealand networks. With a clear mandate to interface

with government on all expatriate and “friend of New Zealand” issues Kea might help reduce fragmentation and keep expatriates interested in New Zealand (maintaining an ongoing sense of belonging).

On the whole it was considered that Kea was staffed by enthusiastic people who would benefit from a clearer NZ Inc mandate. Breathing space through secure funding for two to three years was thought a good idea to allow Kea to maintain the current focus on building network capabilities while also establishing a better interface with New Zealand. It was not thought that Kea would necessarily require more resources to deliver a more significant benefit, but that it did need a more targeted approach with greater connection to New Zealand-based networks and economic development activity.

University alumni networks

Written information was provided by a University Alumni network coordinator. Kea also provided some information for this section.

Kea sees a value in it providing a communication and distribution channel for New Zealand alumni organisations. Kea sees an opportunity to assist tertiary education groups in growing and developing the links between alumni and sometimes even the parents of alumni who may be the source of endowments for the education institute.

Kea also sees a large number of non-citizen alumni as having great potential as friends of New Zealand and future Kea members. Through their time in New Zealand they have likely formed lifetime relationships with the people and the country. The level of interaction to date has been limited but Kea is looking to improve relationships.

At present alumni associations have a very limited ability to engage with their former students offshore. Feedback from an alumni coordinator to the Ministry of Economic Development indicates that they appreciate the opportunity to jointly host events with Kea offshore and develop joint Chapters where neither organisation has critical mass.

Kea’s members

Kea established a web-survey for its membership. Due to time constraints there was no time for user testing of the survey. A single email went out to all of Kea’s membership and they had approximately two weeks in which to fill out the survey. No follow up communications were made to encourage completion and there was no prize or other enticement to complete the survey.

Kea received 1,517 unique responses to the survey. This represents a response rate of over 5% of Kea’s current membership. Given the circumstances we find this a very high response rate and in and of itself indicative of a relatively engaged membership.

Twenty-eight percent of respondents had been Kea members for less than one year, another 28% were members for 1-2 years, 24% members for 2-3 years and the remainder for over 3 years.

Reasons for joining Kea are presented in the database extract below.

2. Q2. Why did you join Kea [select all that apply]?

Responses	Count	%
Business connections/contacts within the country where I live now	624	41.1%
Business connections/contacts back to New Zealand	409	27.0%
Better understanding of current developments/news in New Zealand	755	49.8%
Social connections/contacts	733	48.3%
Other	159	10.5%
Total Responses	1517	
Comments	172	11.3%
No Response	0	

Member-identified benefits are set out in the database extract below.

8. Q8. Please describe the benefits Kea has provided you with in the past year [select all that apply].

Responses	Count	%
Business connections/contacts within the country where I live now	253	19.3%
Business connections/contacts back to New Zealand	106	8.1%
Better understanding of current developments/news in New Zealand	621	47.5%
Social connections/contacts	544	41.6%
Other	308	23.5%
Total Responses	1308	
Comments	311	23.8%
No Response	209	

When asked to quantify the value in US\$ of the benefits identified above the average response rate was US\$22,246.

If contemplating a return to New Zealand, over 70% of respondents would make use of contacts they had developed through Kea when seeking employment or business opportunities.

Twenty four percent of respondents indicated they would be prepared to pay for Kea membership in the future. The amount they would be prepared to pay was not requested, but most comments indicated members would only pay a nominal membership fee, for events or in a user-pays fashion, or on the proviso that greater benefits would result.

Although there were some negative responses the majority of respondents to the Kea membership survey were positive about their experiences with Kea. Much of the written feedback reflected the length of time people were members (the highest

group of respondents were those who had been members for less than a year or 1-2 years).

Kea's sponsors

This section is developed from interviews undertaken by the authors, as well as information provided to us by the Ministry of Economic Development and Kea.

Much of the information provided to us is confidential.

Kea's sponsors, many of which are public entities consider that Kea is more cost effective in organising offshore networking events and is able to undertake activities that some public entities are unable to do.

Several interviewees and Kea's membership survey indicate that a number of sponsors and other members use the Kea network to promote their products and services directly to other members.

Sponsors indicate that they see value in continued sponsorship of Kea but private sponsors in particular would struggle to do so in the current economic environment. Value is derived from direct sales, extended membership, and increased awareness of the sponsor.

VII) Domestic corporate involvement with Kea

The following New Zealand companies have promoted their products or services through Kea events and/or sponsored or supported Kea in some other capacity in the past two years. The list is not exhaustive and is only intended to illustrate the type of firms that see value in Kea.

- 42 Below
- Air New Zealand
- Anathoth
- Bayleys NZ Property Investment Seminars
- Criterion Group
- Design Mobil
- Fonterra
- Les Mills International
- Living Cell Technologies Ltd
- Mac's Gold
- MiNDFOOD Magazine

- New Zealand King Salmon
- O:TU Wines
- Online Distribution
- Orion Health
- Snapper Rock
- Speight's
- Telecom
- The ICEHOUSE
- University of Canterbury
- Untouched World
- Village Press Olive Oils
- Xero.

VIII) Kea Boards

Kea Board Members

Stephen Tindall (Chair) is founder of The Warehouse stores and also founder and trustee of The Tindall Foundation. He co-founded Kea New Zealand in 2001. In 2007, he was appointed a Distinguished Companion of the New Zealand Order of Merit in the Queen's Birthday Honours. Stephen was Deloitte/Management Magazine "Executive of the Year" 1998, and The New Zealand Herald "Business Person of the Year" 1997. In 1995, he served on the Prime Minister's Enterprise Council under the Jim Bolger and Jenny Shipley Governments and, from 2000 to 2008, worked with the government on the Science and Innovation and Growth and Innovation Advisory Councils. He was awarded two Honorary Doctorates from AUT University and Massey University in 2002. In July 2006, he was awarded the Sir Peter Blake Leadership Award.

Professor David Teece is the Mitsubishi Bank Professor, University of California, Berkeley, where he directs the Institute of Management, Innovation and Organisation. He has a PhD in Economics from the University of Pennsylvania and has held teaching and research positions at Stanford University and Oxford University. Professor Teece is on the Accenture list of the world's top 50 business intellectuals and has received numerous prizes and three honorary doctorates in recognition of his scholarly research and institution building contributions. He is Executive Chairman of LECG, an expert services firm which he co-founded in 1988. He is also co-founder of i-cap partners, a private equity firm that raises risk capital in

Europe and the Middle East for investment in New Zealand and Australian companies.

Dr George Barker is Director of the Centre for Law and Economics at the Australian National University and is President of the Australian Law and Economics Association. He was awarded the Ohlin Fellowship in Law and Economics at Cornell University in 2000. He gained a PhD in Economics from Oxford University in 1992 and a Bachelor of Laws and Master of Economics from the University of Auckland in 1982. Dr Barker advises on regulatory, public policy, microeconomic, financial management and corporate strategy issues. He is a past CEO and Board member of LECG NZ Ltd, and a co-founder of Celtec Pacific NZ Ltd and Upstart Investments.

Bridget Liddell is based in Seattle, Washington, and is Chair of the US Beachheads Programme (NZ Trade and Enterprise) which offers mentoring and consulting support to New Zealand businesses seeking access to the US market. She is a Director of the New Zealand Superannuation Fund and is Managing Principal of Fahrenheit Ventures. Prior to her departure from NZ, Bridget was CEO of University of Auckland Development and was also a director of listed companies, Fisher & Paykel Appliances and Sky City. She was a Harkness Fellow in 1998.

Ross McConnell was Chief Executive of Kea from August 2004 to July 2007. Under his leadership, Kea expanded to connect with more than 23,000 Kiwis and “friends of New Zealand” in 174 countries. Ross has significant managerial experience in the construction, building products and commercial property sectors, incorporating leadership roles on projects in New Zealand and the UK. He has a BSc and BE(Hons) from the University of Canterbury in New Zealand, and an MBA in International Business and Entrepreneurship from the University of California, Berkeley. Ross is also co-founder of Holistics Inc (formerly Crystal Solutions), a software asset management and consulting firm providing services to Microsoft business units around the world.

Chris Pickrill has 30 years of broad-based business and teaching experience across a range of manufacturing and service sectors. He has played a key role in the establishment and development of the Economic Development Association of New Zealand effectively placing economic development on a professional footing in this country. He was Chief Executive of the Canterbury Development Corporation from April 1996 and retired in June 2008. Chris is also on the Boards of CORE Education, Canterbury Innovation Incubator, Sustainable Initiatives Fund, HIT Lab NZ and a Trustee of Untouched World Foundation.

Kerry Prendergast has been Mayor of Wellington since 2001, having served on the Wellington City Council since 1989. She has an extensive background in the health sector as a registered nurse and, for 25 years, a midwife. Kerry holds a Master of Business Degree from Victoria University. She is Vice President of Local Government New Zealand and a trustee of the NZ International Festival of the Arts. As Mayor, Kerry is also patron of a number of organisations including Netball Wellington, Parent Help, Wellington Youth Orchestra and Wellington-Xiamen Association, and her directorships include Wellington International Airport Ltd.

John Stace retired from active life in the City of London in 2004 and returned to New Zealand in February 2005. Today John is, a Director of the State Owned Enterprise, Genesis Power Limited and a member of the Genesis Audit Committee, Chairman of

Triplejump Limited, New Zealand's first multi agency Life Insurance Franchise Company, a member of NZTE's Beachhead Advisory Board having previously been the first Chairman of the UK Beachhead Board, a member of the Board of Equestrian Sports New Zealand ("ESNZ"), a Trustee of The Woodford House Foundation and a Director of the Kiwi Expat Association Incorporated, "KEA". He is Deputy Chairman of Aardvark EM a UK based environmental consultancy, a Trustee of The Tank Museum at Bovington in Dorset, UK and a Vice President of Save the Children UK. His career in London was centred on financial services and more particularly Lloyd's of London. He built Stace Barr Limited into the then largest capital provider to Lloyd's (one billion pounds being circa 9% of the Lloyd's market) and was one of the first to introduce Corporate Capital to Lloyd's and the first CEO of Angerstein Underwriting Trust (now Amlin plc). He was Deputy Chairman of Lloyd's of London in 1995 and 1996. Served on the original Lloyd's Market Board and on Lloyd's Regulatory Board. For three years Chairman of Lloyd's Charities Trust. He was Master of The Worshipful Company of World Traders, a City of London Livery Company, in 2002-2003

Regional Advisory Boards

Refer to the Kea in North America Case Study for the North American Advisory Board.

Australian Advisory Board	
Dr George Barker (Chair)	Director, Centre for Law & Economics, ANU
Denise Aldous	Professional Company Director
Tim Green	Regional Director Aust/Pac NZTE
Rob Levison	Managing Director & CEO Industrea Limited
Mark Smith	Partner Parry Carrol Lawyers
Andrew Stanbury	Marketing & Communications Manager Air New Zealand
Nigel Swinn	Director Yello Brands

China Advisory Board	
Sharon Fraser (Chair)	Director of Sales & Marketing, Intercontinental Hotels, Crowne Plaza Pudong
Scott Brown	Managing Director, Redfern Consultancy
Tony Browne	New Zealand Ambassador, Beijing
Yedong Liu	Business Developer, Shanghai Visionbest Advertisement Co Bu
Mark Froad	Regional Manager, North Asia, Tourism New Zealand
Bob Major	Managing Director China, Fonterra Commercial Trading (Shanghai)
David Oliver	Managing Director, Consultant – ICT, Orienz Ltd
Edward Orange	Director SWG AP Marketing & Strategy, IBM Software Group
Michael Swain	New Zealand Consul-General, Shanghai
Compton Tothill	Managing Director, Leadership Management International China
Andrew White	Director for China, NZTE
Richard Yan	CEO & Managing Director, Richina Pacific
Alan Young	New Zealand Consul-General & Trade Commissioner, Guangzhou

United Kingdom Advisory Board	
Richard Dellabarca (Chair)	Chief Financial Officer, Artimi Inc
Penelope Barr	PR and Communications Consultant, Ketchum
Carl Church	Global Tax Counsel, Merrill Lynch
Melanie Feisst	Consultant, Eastside Consulting
John Field	Chief Operating Officer, Hansen Technologies
Peter Gillingwater	Managing Partner, Nexec Partners Founder, European Leadership Program
Anna Groot	UK Regional Manager, Kea
Jason Lawson	Head of Carrier Services, Vyke Communications
Sarah McCourtie	Inward Investment Manager, HSBC
Dr Penny O'Hara	Clinical Director, BT Health
Chris O'Malley	Owner, Global Pathways.tv
Andrew Scott	Chief Operating Officer and Managing Director, Woodland Group
Derek Smail	Chairman, Derek Smail Consultancy Services
Michelle Templer	Trade Commissioner UK & Ireland, NZTE
Colleen Toomey	Journalist, television producer, Olivier Awards Judge
Eric Tracey	NZTE Beachheads Chairman, Non-exec Director, Chloride Group Plc
Tubbs Wanigasekera	Owner, Sacred Cafe, Manager, Slight Advantage Management
Stephanie Wyse	Information Systems Manager, Shell

IX Special interests groups in the United Kingdom

IT&T Networking Group	
Established to help members of the group and provide an interface for sector-specific advice.	
The first group meeting received positive feedback and membership has doubled since then.	
Some of the members of the group are listed below.	
Member	Position/firm
Paul Aitkenhead	SAP BI Development Manager, BBC Finance
Caroline Burnett	Test Manager, Testing Services, Product & Markets IT, Lloyds TSB
Samitha DaSilva	Taylor Walton LLP
Grant De Leeuw	Business Development, British Telecom
Vicki Eclat	Associate Director, eclat Marketing
Rob Ellis	Digital Music Media
John Field	Consultant, Shell
Grant Forsyth	Vice President, Global Interconnection & Regulation, BT Global Services
Martyn Gibbs	Siemens UK Transition Manager, Siemens
James Graham	Charteris
Daryl Hamilton	Charteris
Damian Harvey Director	Locus Software Ltd
Bill Hill	Director, Strategic Development, Cartesian
Catrin Kem	International Business Executive (London), International Business Wales
Tim Kerr	Accenture
Michael LaRooy	International Consumer Card IT, American Express
Jason Lawson	Head of Carrier Services, Vyke
Tony Mangan	Manager, Finance & Performance Management, 3 Monkeys Communications
Siobhan McAfee	Business Development Manager, Datasquirt
Niq Raistrick	IT Management Consultant, Ernst & Young LLP
Mark Norman	Manager, Product Payment, Skype
Gerard Schmidt	Dip.Eng, B.Com, MBA, MBCS, PhD in IT ROI and turnarounds
Jason Sharp	Director -UK Sales, On Communications
Rasamay Sirisomphone	Lead Consultant, UPCO
Keith Smith	Consultant, Ministry of Defence, British Telecom
Darren Turnbull	Managing Director, DT3 Small Business IT Specialists
Matt Scott	British Telecom

Creating networking group	
Established to help members of the group and provide an interface for sector-specific advice. Some of the members of the group are listed below.	
Member	Area of endeavour
Colleen Toomey	Kea Creatives Chair, writer, journalist, director/producer, theatre specialist
Jo Walsh	Business Development Manager, Kea UK Creatives Committee/Manaia Performing Arts
Ben Barrington	Actor/ Co-director, Events company
Alison Bathurst	Designer/Art Director
Carl Burrows	Co-Director, Manaia Performing Arts
Kateia Burrows	Co-Director, Manaia Performing Arts
Sue Cambie	Interior Designer, Sue Cambie Design
Angeline Conaghan	Freelance musician, performer, composer, educator
Scott Cooper	Planner
Olivia Corbett	Lingerie Designer, Toushe
Emma Deakin	Theatre specialist, Shaky Isles Theatre
Maggie Eyre	Presentation Specialist
Bruce Ferguson	Motion Graphics Specialist, The Dark Room
Julie Gaiger	Manager, arts consultant and facilitator, The Blue Flamingo
Jerome Kavanagh	Musician, actor
Erinna Law	Primary Coordinator, International School of London
David Leahy	Freelance musician, performer, composer, educator, project manager, arts consultant and facilitator Seethrewmusic
Jayson Norris	Singer Songwriter
Rosanna Raymond	Artist, Curator
Charlie Round-Turner	Photographer
Mike Sengelow	Actor
Scottie T	Photographer
Gina Varela	Actor/Co-director, Events company
Sharon Ward	Director/Producer, Katalyst Productions Ltd
Philippa Ward	Editorial Manager and copywriter, Travel website
Amy Eccleston	Narrative Environment designer, Freelance
Sandi Goodwin	Event Producer, Shaky Isles Theatre

X) Role descriptions

Note: these role descriptions were provided by Kea - the content has not been revised.

Kea Global Operations Manager

The Global Operations Manager role is funded through Kea's contract with the Ministry of Economic Development. Responsibilities and deliverables for the role are currently split between Kea's CEO, Ivan Moss (0.4 FTE) and Global Operations Manager, Peter Elmsly (0.6 FTE).

Direct reports include Kea's Regional Managers based in the United Kingdom, China, Australia, and North America. The Global Operations Manager is also the primary Kea contact for volunteer-led Chapters in countries and Regions where Kea does not have a Regional Manager.

Based in New Zealand, the Global Operations Manager provides support and leadership for the Regional Managers and volunteer-led Chapters around the world (the reference to "Kea Groups" below relates to both Regions and Chapters).

Key areas of responsibility are governance and administration, communications and relationships.

Governance and Administration:

- Ensure the Regional Managers and volunteer Advisory Boards have the appropriate governance, systems and knowledge to grow sustainably in number and size, and to contribute to Kea's global mission and vision
- Establish regular, productive communications with and between the leaders of Kea groups
- Promote and help establish new Kea groups
- Identify and help execute global and regional sponsorships and other revenue opportunities.
- Contribute to Kea's strategic planning at Board and Executive level.

Communication:

Ensure Kea's Regional Managers plan and contribute to regular communications with and among key audiences by:

- Implementing Kea's global communications strategy
- Refreshing content on the website (news, events, success stories) at agreed intervals

- Executing mass communications among members and other stakeholders according to an agreed regular timetable (e.g. Global Updates, regional newsletters)
- Executing one-off mass communications (e.g. invitations to local Kea-related events) according to agreed processes

Relationships:

- Help make the Kea network, particularly its offshore groups, more accessible to local and New Zealand-based stakeholders
- Coordinate and help the Regional Managers and Advisory Boards establish relationships with third-party organisations offshore, e.g. regional offices of NZTE and MFAT
- Develop and nurture affiliations with offshore New Zealand-focused organisations and with New Zealand University alumni organisations.

Kea Technology Manager

The Technology Manager role is also funded through Kea's contract with the Ministry of Economic Development and reports directly to Kea's CEO.

As a global, online network of Kiwis and "friends of New Zealand", the website is the focal point for the organisation and its members. As such, the Technology Manager plays a pivotal role within the organisation.

Based in New Zealand, key areas of responsibility are website management, email communications, and ongoing website development.

Website Management:

- Manage Kea's relationships with website-related suppliers
- Maintain the website content and delivery of email communications for Kea's regions, volunteer chapters and the New Zealand office
- Respond to member enquiries and provide technical support/troubleshooting
- Process new membership registrations
- Compile monthly website statistics and reports.

Member Communications:

- Compile, target and send email communications including Global Updates, regional newsletters, and event promotions
- Respond to member enquiries.

Website Development:

- Scope new website development
- Research/investigate technology options and potential partners/providers
- Manage Kea's relationship with website developers/contractors.
- Coordinate and liaise with the Regional Managers and other Kea team members to ensure website changes/upgrades are implemented as needed
- Provide technical training as needed
- Project budgets and reporting.

Annex: Literature review -an introduction to networks

Business demand for global networks

New Zealand is yet to produce a global firm in most economic sectors. However, there are links between how such large multinational firms operate, and how firms might develop internationally from within New Zealand. It is also important to any consideration of a NZ Inc approach. If New Zealand is to stimulate the growth of firms with significant economic capabilities the firms will have to compete and win on a global scale, even if they do not yet have global reach.

Recent research by PricewaterhouseCoopers has identified that global chief executives want governments to transform institutions and policies so as to be in tune with the dynamic of today's global economy. The emergence of a new set of countries who will challenge the group of eight industrialised nations are seen by them as a key challenge facing their firms. The size, connection, and complexity of the issues now facing industry requires firms to access new information on the factors affecting the critical drivers of their business; links with people outside their company and with other organisations are said to be critical to access this information.²⁶

Without international links, it is increasingly hard for firms to sustain market-leading productivity and growth.²⁷ The drivers for internationalisation are also changing, with access to skills, capabilities, and market insight reported to now be more important than proximity production, the location of headquarters, or legacy reasons.²⁸

The trends in private sector networks have reached a point where experts believe that competition is changing from inter-company to inter-network competition. The success of companies, networks, clusters, and other larger economic entities will be based on new ways of working and effectively bringing goods and services to the marketplace.²⁹

²⁶ Distinctions among competitors, suppliers, customers, and employees are also perceived by CEOs to be increasingly blurring. PricewaterhouseCoopers (2009) *12th Annual Global CEO Survey: Redefining success*.

²⁷ Hagerup B (2008) Presentation by the Danish Ministry for Economic and Business Affairs at the OECD Open Innovation Business Symposium, Copenhagen, 25 February 2008.

²⁸ Ibid. Doz, Y (2008) "Metanational Innovation: A framework to understand configuration and coordination decisions in Distributed Innovation", presentation adapted from *Managing Global Innovations*, forthcoming.

²⁹ Leppävuori, E.K.M. (2008) VTT *as an Innovation Partner*, OECD Business Symposium on Open Innovation in Global Networks, Copenhagen, 25 February 2008. Hagerup B (2008) Presentation by the Danish Ministry for Economic and Business Affairs at the OECD Open Innovation Business Symposium, Copenhagen, 25 February 2008.

The commercial role for global networks

Navigating through complexity

Much of the value to a private firm in deploying an expatriate comes from the networks that the expatriate develops and the opportunity for them to exchange skills and knowledge both in and outside the workplace. The resource involved in developing such networks is also higher where the expatriate needs to adjust to another culture.³⁰

Different cultures and conditions in markets around the world add a great deal of complexity to business for firms that wish to export and possibly become multinational or global. For example, cultural backgrounds influence a person's assumptions about how transactions and other interactions with people should proceed; including with business partners, research organisations, clients, and customers.³¹

In particular, differences can cause problems and become barriers to commerce when they are not recognised. Networks provide one way for firms to manage the increasing complexity of global markets.³² As mentioned in the previous section of this Annex, improved business performance can come from integrating across markets, but integration cannot happen without the bridging of differences. A network can help in two ways:

- Understanding differences and barriers
- Avoiding or overcoming identified differences and barriers.

The understanding that comes from network links (be they commercial, academic, or national, loose or formal) allows for easier interactions across borders and cultures.³³ Global networks can also provide an effective interface with local markets and networks, lessening transaction costs even where there are no significant barriers.³⁴

Global connection is particularly important in the domestic context as major markets are distant from New Zealand. As well as providing for the use of international

³⁰ Spinolo, M (2006) *Buying expatriate relocation services: real vs. perceived costs*, a white paper from Primacy Relocation.

³¹ Martha Maznevski & Joseph DiStefano (2004) "Culture in International Management: Mapping the Impact" *Perspectives for Managers*, No. 104.

³² Maznevski, M Steger, U and Wolfgang, A (2007) "Managing complexity in global Organizations" *Perspectives for Managers*, No. 141; Lowell, B L and Gerova, S G (2004) *Diasporas and Economic Development: State of Knowledge*, paper prepared for the World Bank.

³³ Maznevski, M and DiStefano, J (2004) "Synergy from Individual Differences: Map, Bridge and Integrate" *Perspectives for Managers*, No. 108.

³⁴ Meyer, JB (2007) *Building Sustainability: The New Frontier of Diaspora Knowledge Networks*, COMCAD Arbeitspapiere working paper No. 35. Refer also to the special issue "Strategic Networks" Schendel, D (ed) *Strategic Management Journal*, volume 21, March 2000.

distribution channels, global networks allow for improved access to capital and specialised labour.³⁵

Developing new opportunities

As well as assisting with navigation in new markets there is a role for networks in communicating new opportunities for businesses (across the spectrum of their interests from applied research to selling or purchasing goods and services). In this respect the network acts as a global scanner, bringing commercial opportunities in any given market into the awareness of networked firms that have an interest in them.³⁶ Leading firms and other actors utilise search networks to locate collaborators (promoting good and screening bad) who can solve part of a problem they face or require part of a solution they may be able provide (knowing who to connect to).³⁷

As a result both production and product development by international firms are being dispersed over a wider area geographically in order to encompass locations where resources and expertise are best available. Local, regional, national, and international networks compete with one another globally to attract enterprises and skills. Many large multinational firms have networks that span several countries, typically comprised of clusters of smaller locally-networked partners that are linked digitally and offer different competencies.³⁸

One of the major findings of the 2006 IBM Global CEO Study was that:

*Fully 65 percent of chief executives and other leaders say they will have to make fundamental changes in their businesses over the next two years. New products and services remain a priority, but they're placing increasing emphasis on differentiating themselves through innovation in the basics of their business models. They believe that external collaboration across their business ecosystems will yield a multitude of innovative ideas.*³⁹

³⁵ LECG and I Grow (2008) *Innovation concepts report: Digital content sector "proof of concept"*, unpublished report prepared for the Ministry of Economic Development.

³⁶ Davenport, P (2001) *Creating unique-innovation and thriving in the changing world economy*, Universität Marburg. The concept of a firm's network acting as a global scanner was popularised by Vernon, R in "The Product Cycle Hypothesis is a New International Environment" *Oxford Bulletin of Economics and Statistics*, volume 41(4), November 1979.

³⁷ Saxenian, AL (2008) "Roepke Lecture in Economic Geography Venture Capital in the "Periphery": The New Argonauts, Global Search, and Local Institution Building", *Economic Geography*, volume 84(4).

³⁸ Leppävuori, E.K.M. (2008) *VTT as an Innovation Partner*, OECD Business Symposium on Open Innovation in Global Networks, Copenhagen, 25 February 2008.

³⁹ IBM Global Business Services (2007) *Expanding the innovation horizon: The Global CEO Study 2006*.

Expatriate/alumni informal global networks

Overview of possible benefits

Much of the publicly available information on expatriate networks is of qualitative case-studies at the micro level rather than more comprehensive evaluations. Much of the international literature that mentions expatriate networks is focussed upon the development effect of the diaspora for less developed countries rather than the economic impact of expatriate networks. In general, it is considered that diasporas can and do play a “significant” role in economic and social development in their home countries.⁴⁰

A sub-category of diaspora, talented people, is considered the source of knowledge capital and a competitive advantage for firms and nations.⁴¹ Despite the lack of evidential basis for developed countries, there is agreement amongst those who have studied expatriate networks that the economic benefits that are derived from an expatriate network can include:

- The attraction and retention of highly skilled people⁴²
- The attraction of foreign investment (and provision of remittances)
- Research and innovation links⁴³
- Commercial assistance
- Information related to commercial opportunities⁴⁴.

In relation to all of these benefits, the value to the country of origin is considered to be increased where new or small firms are able to take advantage of the expatriate network. For example, such companies specifically need:

- Experience in structuring and scaling businesses for international markets
- Links to people in key target markets

⁴⁰ Hugo, G (2006) “An Australian diaspora?”, *International Migration*, volume 44 (1).

⁴¹ Refer L.E.K. Consulting (2001) *New Zealand Talent Initiative*.

⁴² Membership of an expatriate network can also help an expatriate assimilate back into society and work upon their return (dislocation is lessened). Commonwealth of Australia (2005) *They still call Australia home: Inquiry into Australian expatriates*, Senate Legal and Constitutional References Committee.

⁴³ For a specific critique of business-research links and the role of expatriate networks refer Australian Institute for Commercialisation (2004) *Inquiry into Australian Expatriates: Senate Submission on Expatriates*.

⁴⁴ Gamlen, A (2008) *Why Engage Diasporas?*, ESRC Centre on Migration, Policy and Society Working Paper No. 63, University of Oxford; Lodigiani, E (2008) *Diaspora Externalities and Technology Diffusion*, Institut de Recherches Économiques et Sociales, discussion paper 2008-8; Lowell, B L and Gerova, S G (2004) *Diasporas and Economic Development: State of Knowledge*, paper prepared for the World Bank; Fullilove, M and Flutter, C (2004) *The World Wide Web of Australians*, Lowy Institute Paper 04.

- An efficient means of developing new relationships
- Access to significant capital.⁴⁵

This is particularly the case where government programs with an international focus have entry criteria or participation requirements that restrict small and medium sized firm (SME) involvement. The value comes from low cost access to global networks.⁴⁶ The cost to a business of deploying an expatriate is an estimated three to four times as much as employing the same individual at home and many SMEs cannot afford this.⁴⁷

Commercial knowledge and advice can include business agent matching, providing information about consumer taste in other markets, and assistance with overcoming informal trade barriers (including non-tariff barriers to trade).

There are also opportunities for an expatriate network to contribute to nostalgic retail and export promotion.⁴⁸ In relation to public or private alumni networks there are the added benefits of being introduced to new clients and university networks may receive additional students or donors.

Finally, it is considered that networks can help expatriates serve as goodwill ambassadors and use them to project an accurate and contemporary image overseas of the country of origin.⁴⁹

Publicly funded diaspora networks

Bringing firms from the periphery of economic activity to the core

Much of the literature reviewed concerns more than one network and is itself of a summarised nature. Rather than setting out a description of each of the publicly-funded networks we have considered for comparative purposes we merely summarised our findings.

Diaspora networks are considered particularly important for firms and economic clusters that are located outside major centres of economic activity.⁵⁰ Other conditions that contribute to the potential importance of the diaspora are related to its

⁴⁵ Australian Institute for Commercialisation (2004) *Inquiry into Australian Expatriates: Senate Submission on Expatriates*.

⁴⁶ Ibid

⁴⁷ Harris, H (1999) *The Changing world of the expatriate manager*, Centre for Research into the Management of Expatriation.

⁴⁸ Lowell, B L and Gerova, S G (2004) *Diasporas and Economic Development: State of Knowledge*, paper prepared for the World Bank.

⁴⁹ Fullilove, M and Flutter, C (2004) *The World Wide Web of Australians*, Lowy Institute Paper 04.

⁵⁰ Saxenian, AL (2008) "Roepke Lecture in Economic Geography Venture Capital in the "Periphery": The New Argonauts, Global Search, and Local Institution Building", *Economic Geography*, volume 84(4); Ramana Nanda, R and Tarun, K (2007) *Diasporas and Domestic Entrepreneurs: Evidence from the Indian Software Industry*, Harvard Business School, paper available from the Social Science Research Network: <http://ssrn.com>.

education/skill and income and the activities in which the diaspora is engaged (their place in a hierarchy and their area/sector of endeavour). The size of the country per se (sending or recipient) does not seem to be as important as the economic activity occurring within each.⁵¹

Having expatriates in economically “leading” countries that have the latest and greatest in technology and human capital (and finance) also greatly influences the ability of a network to provide value to the home country through an expatriate network. Networks of expatriates are very diverse in nature and can be scientific, technical, institutional, professional, or financial.⁵²

Focussing expatriate networks to provide value

The discussion above suggests that expatriate network:

- Efforts to develop nodes of activity should focus on discrete sectors and areas of endeavour
- Node development should focus on the particular strengths of the recipient country or locations within it.

There is also a differentiation between benefits that arise from the mere existence of an expatriate network, and those benefits that arise from the use of an expatriate network as a tool for funded programmes. For example, informal networks of Chinese origin are considered important not only in and of themselves, but because they might enhance formal government programs.⁵³

However, even in countries where there has traditionally been a high level of support for expatriates, there is an increasing expectation of commercial returns for continued public support of networks and programs involving them.⁵⁴

Previously many expatriate programmes were focussed on return immigration and remittances. Adding support to the two bullet points on the previous page is that there has recently been a trend towards focussing publicly funded projects on highly talented people and identified niches for research and science or business

⁵¹ Lodigiani, E (2008) *Diaspora Externalities and Technology Diffusion*, Institut de Recherches Économiques et Sociales, discussion paper 2008-8.

⁵² Saxenian, AL (2008) “Roepke Lecture in Economic Geography Venture Capital in the “Periphery”: The New Argonauts, Global Search, and Local Institution Building”, *Economic Geography*, volume 84(4); Lodigiani, E (2008) *Diaspora Externalities and Technology Diffusion*, Institut de Recherches Économiques et Sociales, discussion paper 2008-8; Meyer, JB (2007) *Building Sustainability: The New Frontier of Diaspora Knowledge Networks*, COMCAD Arbeitspapiere working paper No. 35.

⁵³ Biao, X (2005) *Promoting Knowledge Exchange through Diaspora Networks (The Case of People’s Republic of China)*, COMPAS, University of Oxford, report prepared for the Asian Development Bank.

⁵⁴ Biao, X (2005) *Promoting Knowledge Exchange through Diaspora Networks (The Case of People’s Republic of China)*, COMPAS, University of Oxford, report prepared for the Asian Development Bank.

endeavour rather than attempting to facilitate large loose tie networks that capture all expatriates and areas of economic activity.⁵⁵

Due to the position and power executive professionals hold, their capacity to mobilise important resources is high, making the potential multiplier effect of public investment in them quite large. The involvement and commitment of even a small number of senior expatriates in national good activity is thought to provide economic benefits to the country of origin.⁵⁶ A focus on expatriate elites “pinnacles” and “gold-collar workers” as a means of maximising public returns on expatriate investment has been discussed in the Australian context.⁵⁷

At the same time the opportunity cost of senior professionals to get involved in national good activities is comparatively high. To keep the highly skilled executives in the network is also more difficult because their time is often relatively less available. Underproductive endeavours are thus quickly punished with exit from the network by senior executives.⁵⁸

Globalscot – Scotland’s elite

An elitist approach is exemplified with Globalscot, which focuses Scotland's efforts upon maximising the domestic economic development contribution of over 850 “influential” Scots and friends of Scotland. The modus operandi of Globalscot is to link people, information, and opportunities which benefit members and the Scottish economy (while minimising transaction costs).

This is underpinned by the active development by Globalscot of relationships between its members in key areas of economic interest to Scotland. This is undertaken by the hosting of international and geographical events and the provision of personalised information for members.

Globalscot is managed and funded by Scottish Enterprise. There is a five person team based in Scotland and the global network of 60-90 Scottish Development International is used (on part time basis) to service member needs. It has domestic partners who are “users” of the network.

Globalscot has reported “observed” economic contributions in the range of 1.5-7.5 million pounds in transactions (as of 2007) and has self-reported data indicating the true economic contribution is far higher but we do not have detailed information on this.

www.globalscot.com

Growing and sustaining diaspora networks

⁵⁵ Meyer, JB (2007) *Building Sustainability: The New Frontier of Diaspora Knowledge Networks*, COMCAD Arbeitspapiere working paper No. 35; Biao, X (2005) *Promoting Knowledge Exchange through Diaspora Networks (The Case of People’s Republic of China)*, COMPAS, University of Oxford, report prepared for the Asian Development Bank.

⁵⁶ Meyer, JB (2007) *Building Sustainability: The New Frontier of Diaspora Knowledge Networks*, COMCAD Arbeitspapiere working paper No. 35.

⁵⁷ Fullilove, M and Flutter, C (2004) *The World Wide Web of Australians*, Lowy Institute Paper 04.

⁵⁸ Meyer, JB (2007) *Building Sustainability: The New Frontier of Diaspora Knowledge Networks*, COMCAD Arbeitspapiere working paper No. 35.

Given the direction in the literature towards focussing networks to provide specific value, actor-network theory then suggests that a successful network needs to undertake four iterative steps in order to keep network participants engaged:

1. Define problems or opportunities the network will be involved with (home country interests in brain drain and/or brain gain from migration)
2. Get participants interested in the problems or opportunities (a two-way street for benefits, interest both in the network and 3-4 below)
3. Enrol them in specific actions (interactive and focussed efforts)
4. Mobilise them to achieve the actions (private-public partnership).

Within this context a network might add value in its own right by acting as a moderator and mediator (filter or selector) as much as an intermediary between the country of origin and its expatriates. Today, the supply of information is not a problem any more; what is important is to get the right and appropriate information to people for specific actions.⁵⁹

This is important as the frequency and quality of inter-personal relationships, shapes the ability of expatriates to generate the transfer of knowledge and business opportunities.⁶⁰

Public support for diaspora networks

A World Bank paper on the economic benefits of expatriates concluded that there was a role for government involvement in capitalising on expatriates whose motivations run beyond the philanthropic and include an economic interest in their homeland.⁶¹

This is a separate issue from merely maximising remittances or returning human capital to the source country – it is about systematically extracting benefit from expatriates and their overseas networks while they remain abroad.⁶² Recent discussion in Australia has also come to the conclusion that the government should take a lead in harnessing the potential national contributions of its diaspora.⁶³

⁵⁹ Winnowing out important information from what might otherwise be signal overload. Lowell, B L and Gerova, S G (2004) *Diasporas and Economic Development: State of Knowledge*, paper prepared for the World Bank; Meyer, JB (2007) *Building Sustainability: The New Frontier of Diaspora Knowledge Networks*, COMCAD Arbeitspapiere working paper No. 35; Fullilove, M and Flutter, C (2004) *The World Wide Web of Australians*, Lowy Institute Paper 04.

⁶⁰ Lowell, B L and Gerova, S G (2004) *Diasporas and Economic Development: State of Knowledge*, paper prepared for the World Bank.

⁶¹ Ibid.

⁶² Gamlen, A (2008) "The emigration state and the modern geopolitical imagination" *Political Geography*, volume 27.

⁶³ Commonwealth of Australia (2005) *They still call Australia home: Inquiry into Australian expatriates*, Senate Legal and Constitutional References Committee; Fullilove, M and Flutter, C (2004) *The World Wide Web of Australians*, Lowy Institute Paper 04.

As such a further step in reducing the obstacles to faster, more sustained, growth in networks that contribute to the development of successful clusters of activity in home countries occurs when individuals, firms, and policymakers jointly create search networks that extend the connections; not least by creating more nodes and links in existing networks and by connecting them to others; especially those in the country of origin.⁶⁴

Governmental agencies may systematically provide infrastructural elements (databases, portals, websites, and information); organisational support; and ease network access to public and private networks localised in or emerging from the country of origin.⁶⁵

Government agencies may also provide action-specific resources or symbolic support such as awards and media exposure.⁶⁶ Publicly funded and action-based science and business programs often aim to function as bridges or platforms for knowledge exchange between expatriates networks and networks or firms in their country of origin.⁶⁷

This is also seen in practice, with continued government promotion of most expatriate networks⁶⁸; critical factors in the failure of several networks have been identified as a lack of ongoing funding⁶⁹ or an inability of the network to undertake all four of the steps set out in the previous section of this Annex due to insufficient resources or a lack of political support⁷⁰.

In the past, various Irish state agencies and other public good entities have sought skills, investments, and donations from its expatriates. The role of expatriates in stimulating entrepreneurial activity and investment in Ireland's "Celtic Tiger" economic boom has been widely commented upon.⁷¹ Yet even with the Irish

⁶⁴ Australian Institute for Commercialisation (2004) Inquiry into Australian Expatriates: Senate Submission on Expatriates; Saxenian, AL (2008) "Roepke Lecture in Economic Geography Venture Capital in the "Periphery": The New Argonauts, Global Search, and Local Institution Building", *Economic Geography*, volume 84(4); Meyer, JB (2007) Building Sustainability: The New Frontier of Diaspora Knowledge Networks, COMCAD Arbeitspapiere working paper No. 35.

⁶⁵ Adapted from Meyer, JB (2007) *Building Sustainability: The New Frontier of Diaspora Knowledge Networks*, COMCAD Arbeitspapiere working paper No. 35

⁶⁶ Adapted from Meyer, JB (2007) *Building Sustainability: The New Frontier of Diaspora Knowledge Networks*, COMCAD Arbeitspapiere working paper No. 35.

⁶⁷ Biao, X (2005) *Promoting Knowledge Exchange through Diaspora Networks (The Case of People's Republic of China)*, COMPAS, University of Oxford, report prepared for the Asian Development Bank.

⁶⁸ For example the networks presented at the recent National University of Ireland, *Diaspora Strategy Workshop*, 26-28 January 2009 were publicly funded or otherwise supported by home governments.

⁶⁹ Lodigiani, E (2008) *Diaspora Externalities and Technology Diffusion*, Institut de Recherches Économiques et Sociales, discussion paper 2008-8.

⁷⁰ Meyer, JB (2007) *Building Sustainability: The New Frontier of Diaspora Knowledge Networks*, COMCAD Arbeitspapiere working paper No. 35; Lowell, B L and Gerova, S G (2004) *Diasporas and Economic Development: State of Knowledge*, paper prepared for the World Bank.

⁷¹ Gamlen, A (2008) "The emigration state and the modern geopolitical imagination" *Political Geography*, volume 27.

diaspora there is a feeling that more might be done, as indicated in the text box on the following page.

Corporate alumni networks

The emergence of corporate alumni networks

A trend in recent times towards higher levels of employee turnover and redundancies resulted in the realisation in the private sector that informal networks of former employees could be turned into an exploitable resource. There are now corporate alumni networks present in many industries, particularly those that are knowledge-based.⁷²

Corporate alumni networks incorporate former employees into a loose tie network that complements their “hard” networks by providing access to information or people that might not otherwise arise. Little empirical study has been undertaken on the effectiveness and contribution of “dynamic” informal networks; but it is generally considered that a positive contribution is made by them to the originating firm, as indicated by continued corporate sponsorship of such programs.⁷³

Corporate alumni networks encourage the enduring social relationships that were developed by employees/students during their time at an organisation, as members use the network to maintain personal contact with ex-colleagues. These personal and social relationships with past and present firm members in turn facilitate knowledge flows between network members. The resulting “networking” can uncover or develop direct commercial opportunities and or indirectly facilitate opportunities as a result of referrals or the provision of business leads or clients (introducing new networks to the parent company network).⁷⁴

Research indicates that there is little to no competition within alumni networks, but that there can be high levels of competition between such networks. Provided the member is satisfied with prior experiences and has a level of sentimentality they are usually willing to act as a positive referee for the organisation and participate in its actions/events. This is put down to organisational identification; a perceived oneness with an organisation and the experience of the organisation’s successes and failures as one’s own.⁷⁵

⁷² Editorial (2001), “Business: Keeping in Touch; Corporate Alumni Networks”, *The Economist*, volume 361.

⁷³ A great deal of study has been undertaken into the effectiveness of resource-intensive “formal” networks; such as partnerships, joint ventures, and alliances. McNamara, Y and McLoughlin, D P (2007) *Corporate Alumni Networks and Knowledge Flows*, Michael Smurfit School of Business, University College Dublin, paper presented to the 23rd Industrial Marketing and Purchasing Conference.

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⁷⁵ Mael, F and Ashforth, B E (1992) “Alumni and Their Alma Mater: A Partial Test of the Reformulated Model of Organizational Identification” *Journal of Organizational Behavior*, volume 13(2).

Within corporate networks there is an existing assumption that talented people are members; based upon the entry criteria required for the underlying association (e.g. employment or graduation).

Categories of corporate networks

McKinsey, a leading international consultancy firm, was a private sector pioneer with the establishment in the late 1990s of the McKinsey Alumnus, a non-profit alumni association. Following quite closely after McKinsey were the investment banks Goldman Sachs and Morgan Stanley and the “Big Four” accountancy firms of Deloitte, Ernest & Young, KPMG, and PWC. There are now generally three main forms of corporate alumni networks:

- Managed in-house (McKinsey and other large professional services firms). These have board-level approval, explicit objectives and policies, and are managed by full-time staff with executive oversight. They are becoming more common in large multinationals across all sectors.
- Formally organised independently of the parent firm but have the blessings and sometimes financial support of the parent (Proctor and Gamble and Microsoft).

These hybrids are relatively few in number, possibly because only a few firms have sufficient numbers of alumni to reach a sustained critical mass.

- More informal with the aim of helping people to stay connected socially (such as the Digital Workstation alumni network). Although the most numerous category of alumni network, their success is considered to often be temporary or hard to sustain.⁷⁶

First Tuesday Zurich undertook a benchmarking survey of 15 of the most prominent large corporations with alumni programs.⁷⁷ What the survey and associated workshops that also encompassed universities clearly identified was that the three predominant types of “corporate” alumni network had quite different purposes, membership segmentation, key features, challenges, and performance measures. The three generic models were:

- Financial services networks with a primary purpose of talent management
- Manufacturing networks with a primary purpose of knowledge management
- University networks with a primary purpose of fundraising.

The major findings of the report are set out in Appendix I on page 61. Key findings in relation to this evaluation were:

⁷⁶ First Tuesday Zurich (2007) *Corporate Alumni Networks: Leveraging Intangible Assets*; McNamara, Y and McLoughlin, D P (2007) *Corporate Alumni Networks and Knowledge Flows*, Michael Smurfit School of Business, University College Dublin, paper presented to the 23rd Industrial Marketing and Purchasing Conference.

⁷⁷ First Tuesday Zurich (2007) *Corporate Alumni Networks: Leveraging Intangible Assets*.

- One full time network employee can support an average of 3,500 alumni in a corporate network (although the actual number varied between networks)
- The most successful programs segment their membership
- Roughly half the companies allow current employees to join the program
- Social connection, followed by knowledge and innovation were perceived to be the key benefits by members
- Sponsoring organisations were primarily seeking new business, followed by marketing and public relations benefits.

The use of alumni also varies between corporations; for example, it is well documented that the alumni of McKinsey are used as interviewees or otherwise provide information to help inform McKinsey reports being developed by its current consultants.

Informal corporate networks can also facilitate the establishment of formal cooperation as organisations and individuals can use their network contacts to access knowledge regarding new business opportunities and potential clients.⁷⁸

Previous analysis of New Zealand's expatriates

The genesis of Kea was a part of the *New Zealand Talent Initiative*, which recommended the development of a powerful global community of New Zealanders. The network would be able to provide contacts, develop and disseminate expatriate content, coordinate communities of interest, and neutralise the tyranny of distance. It would target international centres for economic activity of interest to New Zealand and also nurture top talent through an invitation-only alumni group (and related mentoring and events). It would facilitate interactions between local talent and global talent centres and match-make New Zealanders with overseas capital and markets.⁷⁹

The conclusion of one paper was that New Zealand's diaspora "represents an opportunity for the development of the country in broad terms rather than a part of the solution to the skill and labour shortages". The author then sets out that "the precise amount of participation of the diaspora in economic growth is a technical challenge for future studies".⁸⁰

This is because studies in relation to the economic impact or potential of New Zealand expatriates are even more limited than international examples. However, it

⁷⁸ Mael, F and Ashforth, B E (1992) "Alumni and Their Alma Mater: A Partial Test of the Reformulated Model of Organizational Identification" *Journal of Organizational Behavior*, volume 13(2).

⁷⁹ L.E.K. Consulting (2001) *New Zealand Talent Initiative*.

⁸⁰ Escutia, J (2007) "Public policies regarding New Zealand's diaspora", *Political Science*, volume 59(1).

is considered that New Zealand's expatriates "probably" play a role in economic and social development, but the "evidence is patchy".⁸¹

Terms of reference – evaluation questions

Current and expected future effectiveness

1. How well is KEA moving towards meeting its four objectives? *Refer section 1.1.1 for our findings.* It has made progress in most areas but has not identified activity originating from New Zealand and linked this to its network.
2. Do members of KEA's target groups join KEA? How many take out membership that incurs a fee? *Refer sections 2.1-2.2 and 5.1.* It appears so.
3. What are the value propositions from KEA for different aspects of New Zealand's global business network and how does KEA facilitate internationalisation of New Zealand businesses? *Individual value propositions were not identified for "different aspects.* In general Kea can provide value as a "light-touch" network.
4. Is there concrete evidence of where KEA has led to increased export performance or internationalisation? If so, are there any general lessons one can draw from these cases? *Refer section 1.1.1 for our findings.* We were able to provide illustrative examples and triangulate some general findings from all available information sources.
5. What is the extent of evidence of KEA facilitating the flow of information and ideas between New Zealand and the rest of the world? *Refer section 1.1.1 for our findings.* We were able to provide illustrative examples and triangulate some general findings from all available information sources.
6. How does KEA complement or overlap with other initiatives with related activity, such as local chambers of commerce, the Beachheads programme and other networks from NZTE offices and networks operated by the Ministry of Foreign Affairs overseas posts? *Refer sections 1.1.2, 3.3.2 and 5.2.* Since the arrival of the Regional Managers it appears to be a situation of complementarity with minimal duplication.
7. Are there any comparable initiatives in countries that also have large expatriate communities, such as Ireland or Scotland, and how does KEA compare with those programmes? Comparisons were not able to be made due to a lack of information and differences between initiatives (there was not a direct comparator to Kea).
8. What would be the economic impact immediately and long-term if government discontinued funding or if funding was maintained or increased? *Refer section 6.3 for our limited discussion of this issue.*

⁸¹ Gamlen, A (2007) "Making Hay While the Sun Shines: envisioning New Zealand's state-diaspora relations" *Policy quarterly*, volume 3(4).

Efficiency

9. Has the increase in membership led to a higher level of efficiency in terms of running KEA? *Refer section 1.2 and chapter 4.*
10. How do the costs of the initiative compare with the costs of similar programmes, either in NZ or abroad? *Refer section 4.4.* There are no direct comparators.
11. How do the tangible benefits from KEA compare with its running costs? Are there any other, non-tangible benefits? *Refer chapter 1 and 3.* We consider that positive findings can be made.
12. Is KEA on a path to self-sustainability? How much government funding will it need in the next five years? We consider that, with the exception of Kea Australia, the path to self-sustainability has stalled. The level of funding required will depend upon the level of ambition for Kea in the next five years as discussed in chapter 6.