



KAHA AKE TĀTOU KOTAHI STRONGER TOGETHER

BDO PŪRONGO PAKIHI MĀORI 2023
BDO MĀORI BUSINESS SECTOR REPORT 2023

He kupu whakataki | Foreword

Tēnā koutou.

Kaha Ake Tātou Kotahi | Stronger Together - our fifth edition of BDO Pūrongo Pakihi Māori, the BDO Māori Business Sector Report, shares insights from Māori business leaders across Aotearoa.

Through this report, our aim is to contribute to understanding of the Māori business sector and provide a voice from an audience that is not often researched, yet occupies a unique place in New Zealand's business life.

Most importantly, however, our focus is on sharing practical business tips to support Māori business leaders in navigating their current and most pressing ārai – barriers.

The wide ranging tohutohu – business tips – featured in this report are focused on helping address the five key areas of challenge raised by Māori business leaders (cf. Overview on page 5). A common theme across these tohutohu is the need for Māori business leaders to adapt to a rapidly changing business landscape to reach their goals – with tight employment and economic settings and a high cost of living. Many of our survey respondents have described this context as a more challenging one in which to successfully lead their business. When facing key changes in business focus and priorities, there's perhaps no more important time to call on the trusted support of your wider whānau – family, friends, and business professionals.

“The current priority for pakihi Māori is to meet their short term financial and performance benchmarks.”

Previous editions of the Report have shown Māori business leaders are at home when charting long term horizons. People, planet and profit drive most Māori business above all else. However, like many other businesses, the current priority for pakihi Māori is to meet their short term financial and performance benchmarks. While Māori business leaders often do this in their own way, seeking their own solutions, now is also a time to remind ourselves that we're stronger together.

BDO are proud and delighted to be part of the Māori business sector through the advisory services we provide all over Aotearoa New Zealand. I want to thank the Māori business leaders who generously contributed their time to this survey. We trust its findings are valuable for the sector and all those committed to advancing its success collectively.

Nāu te rourou, nāku te rourou, ka ora ai te iwi.



ANGELA EDWARDS
Ngāpuhi-Nui-Tonu
BDO Māori Business Sector Leader

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KŌRERO

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BUSINESS SECTOR
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About the survey: The face of Māori business



Findings of the 2023 BDO Māori Business Sector Report, our fifth edition, are derived from an online survey conducted during July 2023 among more than 160 Māori business leaders across Aotearoa.

The survey was distributed by market research agency Perceptive Research to their consumer research and partnered research panels.

All 2023 survey respondents identify with being Māori or a New Zealander of Māori descent, while also being responsible for leading or managing a business. In addition, 58% of respondents describe their business as being at least 50% Māori owned.

53% of respondents consider that they lead their business through a te ao Māori lens (in line with Māori cultural values). Most Māori businesses surveyed were established entities, with 47% having been in operation for 6 years or more.

Retail, construction, education and tourism & hospitality are the most commonly identified industry groups within which respondents operate. 66% employ 20 people or less, with only 12% employing over 200.

Respondents are predominantly based in regions with traditionally high Māori populations including Tāmaki Makaurau / Auckland (29%), Te Moana-a-Toi / Bay of Plenty (11%), Waikato (10%), Taranaki-Manawatu-Whanganui (8%), Te Whanganui-a-Tara / Wellington (8%) and Waitaha / Canterbury (8%) – with the survey also extending to communities including Te Tai Tokerau / Northland (5%) and Te Tairāwhiti / East Coast (3%).



Tirohanga Whānui | Overview

Our five major report themes.

What are Māori business leaders saying?



Business focus & finances

- **Short-term viewpoint:** The majority (79%) of Māori business leaders are focused on planning for the near future (next 1-5 years).
- **Prioritising finances:** 52% of respondents have placed more importance on financial performance over the past year.
- **Challenging business context:** 61% of respondents state that it has become more difficult to successfully manage a business in the current market. Only 8% state it has become easier.
- **Trade aspirations growing:** Aspirations of trading globally have increased from 33% in 2021 to 40% in 2023. (12% state they are already trading globally).
- **Light ahead?** 57% feel more confident about their expected financial performance over the next 12 months.



Collaborating & partnering

Less collaboration: One quarter of respondents are currently collaborating or partnering with other businesses to meet their own goals – down from 51% in 2021. A further 39% are willing to do so.



ESG & sustainability

A significant decline in perceived ESG (Environmental, Social & Governance) focus and progress among Māori business leaders:

- **Lower ESG focus:** 49% believe that Māori businesses place a stronger emphasis on ESG than other NZ businesses – down from 78% in 2021.
- **Less ESG progress:** 9% have made significant progress in relation to ESG principles over the past 12 months - down from 27% in 2021.
- **Fewer sustainable businesses:** 76% consider their business to be environmentally sustainable – down from 88% in 2021.

Measures of success

The key measures of success for Māori business leaders in 2023 are;

63%

Financial performance.

58%

Happy and well whānau.

51%

Community engagement.



Employment, training & resource

- **Employee growth mindset:** The significance of prior experience for a role is diminishing, while the emphasis on areas that foster employee growth in line with the evolving business landscape is growing.
- **More team-building:** 79% use training as the key method to help develop employees – similar to the 2021 Report. 77% adopt team building activities – up from 66% in 2021.
- **Self-motivation a challenge:** 84% ranked self-motivation as the most important quality in employees – yet 34% rated this as the skill that is most often lacking.



Wellbeing priorities

The aspects of wellbeing rated by Māori business leaders as most important to support and develop the future Māori economy include;

Knowledge & skills
(58%)

Cultural identity
(55%)

Job & pay
(51%).

Tohutohu | Business Tips



01: Business focus & finances



02: Collaborating & partnering



03: ESG & sustainability



04: Employment, training & resource



05: Wellbeing & cultural identity



01. Business focus & finances

Ngā ārai | Barriers to overcome:

Māori business leaders are finding it more difficult to successfully manage a business in the current market. Past surveys have shown Māori business leaders feel at home when facing into longer term matters and the big picture. However, our present business context demands that they focus more on the now and prioritise attention on finer details of their financial performance.

Tohutohu | Tips:

- **Report on cash flow and margins** – daily if you have to. Knowing where you are financially at any point in time is vital to help manage some of the pressures associated with business finances, along with having a sound process for this. Cash flow planning should be done regularly (at least monthly), but the cadence should depend on what's going on in your business and in the wider economy.
- **Understand your financials** and look at them as a whole. You need to know your business finances just as well as your market and industry. Don't just look at one metric, review net profit, gross margin, expenses, cash flow and sales together to build up a much more accurate picture of how your business is doing.
- **Manage inflation** by regularly reviewing your pricing and margins. Make sure your margins don't get squeezed by inflation by regularly reviewing your pricing to ensure it is keeping up

with increased business costs. This is particularly important at the start of any key project that is likely to span a significant period of time. It's also a good idea to have clauses in your contracts that help you adjust your prices according to inflation.

- **Explore Government opportunities** available to you. The Government has recently increased its procurement target for Māori businesses from 5% to 8%.
- **Take the time to properly plan.** Consider holding a half day or full-day planning session where you plan out the next 18 months by quarter, identifying key areas of focus and breaking this down into specific tasks and goals. Hold regular follow-ups to ensure progress and identify what's working and what isn't.
- **Make friends with your bank!** This will help ensure you have a trade finance facility that works for your business. You will have a stronger relationship with your bank if you can showcase your business plan, including detailed forecasts and up-to-date cash flow reports. Be up front if you are not going to be able to meet your agreements – giving advance notice can make all the difference.
- **Forecast around different scenarios.** This can be around sales, inflation, interest rates, exchange rates – anything that might affect your business over the coming year. This can then guide you as you plan for stock, staffing, pricing and financing, enabling you to review which levers you can pull and when, and how each one will impact the rest of your business. Understand how the upcoming general election may impact your funding sources and have a plan in place in case these change.
- **Ensure you have business continuity plans in place.** You never know what might happen, and business continuity plans help enable you to deliver key services through unexpected events such as adverse weather or staff shortages.
- **Take a proactive approach to risk management.** Consider taking the time to create a risk register of your top 20 business risks, whether they are low, medium or high risk, and what controls you can put in place to mitigate them.
- **Consider foreign exchange planning** if importing or exporting. If your business is dependent on foreign currency exchange rates, consider fixing your foreign currency for the next 12 months so you won't be so negatively impacted by exchange rate fluctuations.



03. ESG & sustainability

▮ Ngā ārai | Barriers to overcome:

Māori business leaders have noted a significant decline in their perceived ESG (Environmental, Social & Governance) focus and progress.

💡 Tohutohu | Tips:

- **Understand your social impact.** Consider how you can measure this and tell your story. Where possible, engage professionals for help.
- **Understand your climate and sustainability risks and opportunities.** There will be physical risks to your infrastructure and supply chain, as well as transitional risks associated with changing consumer habits and increased government regulation. But there are also opportunities for businesses embracing ESG.
- **Undertake cost-benefit analysis** on sustainable business decisions. This will enable you to understand the whole-of-life impact, not just the up-front cost.





04. Employment, training & resource

▬ Ngā ārai | Barriers to overcome:

Māori business leaders continue to be faced with labour supply challenges. They have placed emphasis on fostering employee growth via training programmes. Self-motivation is rated the most important quality among existing employees – however this is also often lacking.



💡 Tohutohu | Tips:

- **Don't go it alone.** Seek advice from people you trust. Consider establishing an advisory board of experts to provide advice on a regular basis. None of us have a monopoly on all the good ideas. Remember to draw on your wider whānau (fellow business leaders, professional services providers, friends and whānau) for support and guidance in navigating business challenges and setting yourself up for future success.
- **Engage with and attend Māori business networking events.** See what events and groups are in your area and reach out to organisations such as Whāriki or contact Te Puni Kokiri. Search social media and if there is not one in your area, consider starting one up - or establishing a mentor relationship.



05. Wellbeing & cultural identity

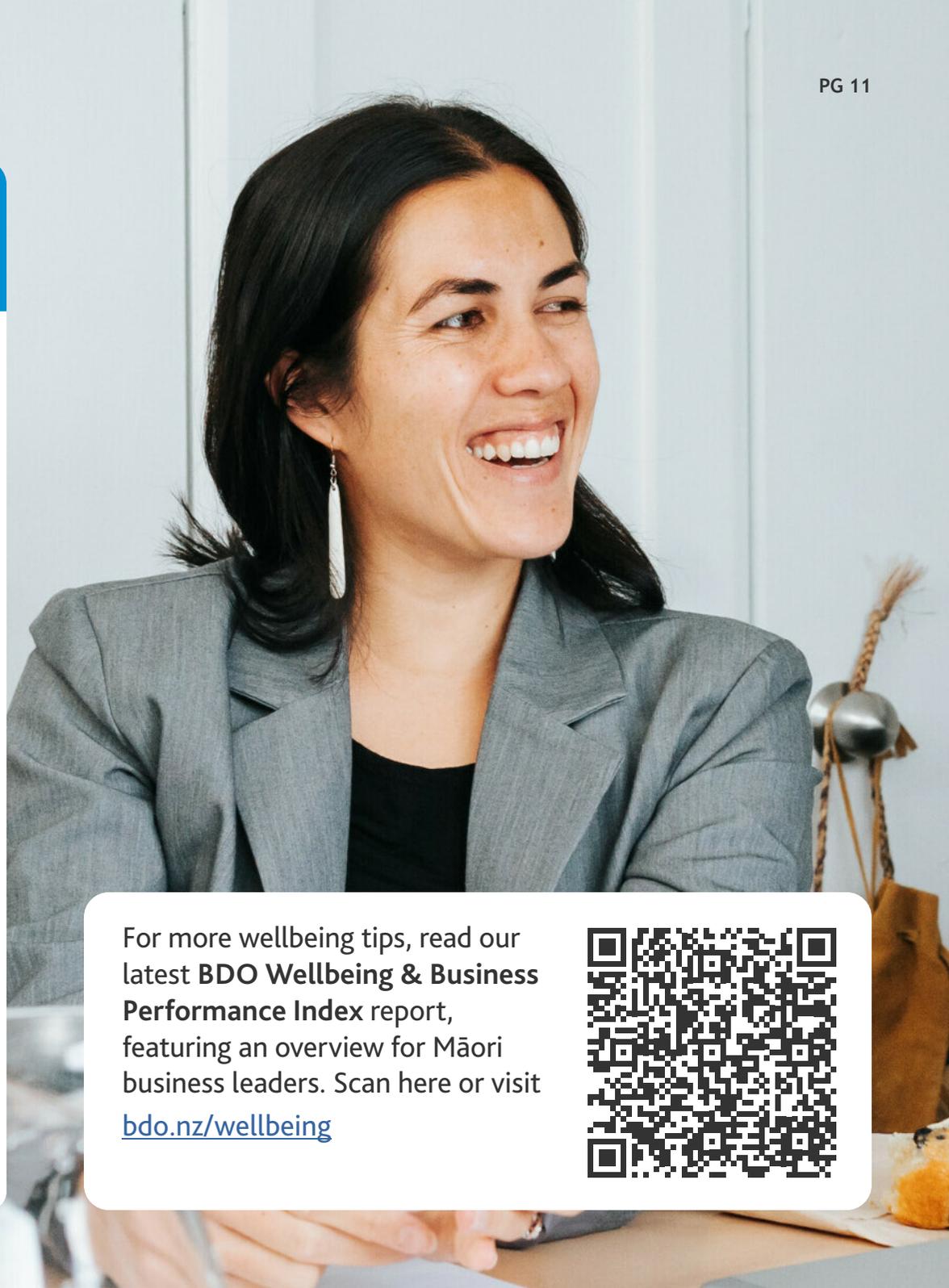
Ngā ārai | Barriers to overcome:

Cultural identity is considered one of the most important aspects of wellbeing in supporting and developing the Māori economy going forward. How can Māori business leaders strengthen cultural identity within their organisation?

Tohutohu | Tips:

- **Demonstrate core values** through the way you operate in your business – manaakitanga and whanaungatanga are key. Look after your people, they are your work whānau and often your actual whānau.
- **Acknowledge important days** in the workplace. For example, Waitangi Day & Matariki are public holidays; however consider doing something special leading up to those days. See what other days are significant in your local rohe.
- **Consider how Maramataka (the Māori lunar calendar) can be integrated** with business life - planning key work schedules (daily, weekly) and types of work and work events around this. There are experts in this field who you could engage to support you on this journey.

For more wellbeing tips, read our latest **BDO Wellbeing & Business Performance Index** report, featuring an overview for Māori business leaders. Scan here or visit bdo.nz/wellbeing



Ngā mātanga pakihi Māori | Our Māori business experts

Kōrero with our team across Aotearoa for more tohutohu.

For more information
and business advice,
scan here or visit
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