

IN BUSINESS

WELLINGTON

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Visionary saviour or
lamb to the slaughter?

**THERESA
GATTUNG**

JOHN ALLEN
Taking risks,
taking on Australia

CULINARY CAPITAL
WelTec – why Wellington's
wealth is in its food

IN DEFENCE OF GEN Y
The brat pack bites back

January 2009



SHEAR TALENT



IT'S A LONG WAY FROM THE WOOL SHEDS OF THE WAIRARAPA, AS WE SIT IN THERESA GATTUNG'S ORIENTAL BAY APARTMENT, LINED WITH HER SELF-DESIGNED WOOL RUGS, WOOL CARPET AND BLANKET. "NOT MANY PEOPLE GET THE OPPORTUNITY TO DESIGN THEIR OWN RUGS," I COMMENT. WITH WELL-PRACTISED WIT, SHE RETORTS, "NOT MANY PEOPLE CAN AFFORD THE INTERIOR DESIGNERS." I HAVE TO AGREE.

STORY BY **ANDREW GREGORY**. PHOTOGRAPHS BY **KEN GEORGE**



TERESA GATTUNG'S DEPARTURE FROM

Telecom after seven years was probably not as she would have chosen it to be.

Out of favour with shareholders, commentators and even politicians, it was time to hand over to someone else, to find a new direction, a new challenge. But Gattung has now embarked on what could prove the biggest challenge of her career.

Still only 45 years old, Theresa Gattung is in her prime as a senior executive, her time at Telecom in addition to her banking and media experience, has given her the ability to handle complex and highly political challenges more skillfully than most. And she will need these with her sharp intellect and thick skinned resilience for her new position as the Chair Wool Partners International (WPI), if she is to succeed where others have faltered.

New Zealand wool growers are facing the biggest slump in thirty years. According to Federated Farmers, the sheep population in New Zealand has dropped by fifty per cent from 70 million down to 35 million, the equivalent to nine lambs a minute vanishing from New Zealand farms. President of Federated Farmers, Don Nicholson, said that, "with the cost of production and harvesting the wool, some farmers are not breaking even," sheep farmers are coming off with their worst returns for almost five decades. Gattung herself describes the problems faced by wool growers as having almost got to the terminal stage. "It's taken thirty years to get to this crisis point and it's not going to be fixed between morning tea and lunchtime. Farmers are in despair, wool has dropped from making up to 50 percent of their annual income to only 10 percent." This combined with increasing competition from synthetic textile producers and the current world economic problems, the task ahead for Gattung is daunting to say the least.

It's unlikely any Human Resource specialists would have recommended a move from the world of corporate towers and fibre optics to shearing sheds and natural fibres. Managing Director, Bede Ashby of Momentum Recruiting, acknowledged the courage behind Gattung's recent career choice to chair WPI with a "big ups for her choice to stay here in New Zealand, with her international class and standing she could be doing anything" he said.

Speaking at the Wellington Regional Chamber of Commerce recently, Gattung held a capacity crowd of lunchtime 'suits' enthralled. Gattung, (who only two years ago ranked on the "Forbes World's 100 Most Powerful Women" list, evoked genuine empathy for the plight of wool growers and the industry. Some present were quick to draw the parallels between the scale of the mess, and enormity of the challenge faced by the wool industry, to the economic crisis faced by businesses country wide.

Moxie Design CEO Peter Salmon was present and commented on the parallels between the challenge for the wool industry to position themselves as high quality providers of a premium sustainable product and the 'New Zealand Inc' challenge which is an increasingly held view of the potential of New Zealand's economy to perform on the world stage, by playing to our strengths of uniqueness, quality, locally sourced and produced environmentally sound products at premium prices. "It's all about credible stories well told" according to Salmon, something Theresa Gattung is well aware of.

LISTENING TO GATTUNG TALK ABOUT NEW

Zealand's wool industry, it's surprisingly interesting for those of us with little contact with agricultural industries and less with sheep farming. Of course we acknowledge the importance of the primary sector to New Zealand's economy, we consume dairy and meat products and some of us cast an occasional eye on the fluctuating Fonterra payout projection, given its wider economic impact. Whilst most businesses have little to do with wool, the challenge faced by the wool industry effectively translates to all New Zealand businesses.

Gattung sends a message of getting back to business basics for the Wool brand. This involves targeted market research and validation, brand definition and development, integrity and coordination in the supply chain and an integrated approach to marketing. "So that all parts of the wool value chain ranging from wool growers to the retailers benefit." She advocates continued faith in the wool industry. "When I think about wool it's something New Zealand has global scale in, with great quality."

She has every right to have belief in "an industry that's worth \$1 billion in exports earnings

with the potential to be worth twice that in five years."

One part of the problem facing wool growers is the wool sale system which is structured in a way prices are competed down as opposed to driving them up. Most NZ wool is sold through three companies competing with each other on prices in international markets. Gattung sees her new role as an opportunity "to get back in the driver's seat, position NZ wool as premium brand on a world stage, our wool is already widely recognised as the best in the world but we don't do enough to market it and believe it or not, we even sell at much lower prices than our customers are prepared to pay."

'Strong wool' accounts for over 90 per cent of the wool produced in New Zealand and has been performing dismally for years. Strong wool is most suitable for carpets, and according to Gattung 75 per cent of New Zealanders walk on wool carpets, but wool makes up only five percent of carpets sold in the US, even though it's recognised as an environmentally safe and renewable source."

Wool is the perfect product to bring together the Gucci and the Hippie.

"We went to the USA recently with some producers (i.e. farmers), we saw carpet manufacturers and retailers, the manufacturers said they had never met a wool producer and the producers said they had never met a carpet manufacturer. They told us our wool is the best for carpet in the world, they know wool carpets are much better for the environment and consumers than synthetic but in the US synthetics dominate with 95% of the market, there is little if any marketing of the benefits of wool and the opportunities this represents for our wool industry and for New Zealand are huge."

Gattung identifies the US and European markets as just some of the opportunities for NZ producers to provide markets with "what they actually want and are willing to pay a premium price to get". You only need an increase in the US market (alone) to really lift wool earning potential in New Zealand."

Gattung seeks to emulate the success of other New Zealand agricultural models. "You need to take a leaf out of Fonterra's book and unify wool growers. Amalgamation in the wool industry is important at this stage. We need to bring existing assists and infrastructure together in a way that's going to benefit the wool industry as a whole." Gattung is unabashed at personally picking up the phone, "I ring those growers and the story I'm hearing is that a collective approach is right and growers are now thinking

beyond the farm gate. And this is [one way] how I gauge support."

Gattung's down-to-earth, straight-talking approach appears to be winning support in the rural sector. And she is clearly angry at misleading press releases and antics of some competitors with what she regards as lies to farmers. "Some people in the current wool industry are threatened, worried they may be disenfranchised, growers have been led to believe there is no better outcome than the one they are currently getting."

The wool growing community and the rural press appear to be supportive of her efforts. Tony Leggett of The Farmers Weekly reported that Gattung "can expect strong support from Federated Farmers for her plans." Dean Williamson of Country-Wide, wrote "with people like Theresa Gattung and Craig Norgate lending weight, you have to have a level of confidence in the new business [Wool Partners International]."

Establishing a premium brand for NZ Wool with a credible and sustainable supply chain is compelling and according to Gattung, capturing the imagination of farmers. She's encouraged by the increasing numbers of farmers moving their business to Wool Growers of New Zealand, "not because of price difference but because they believe in what we are doing for the future of this industry".

She has been to the farms, the shearing sheds, the traders, wool scourers, dyers, spinners, weavers, manufacturers and retailers. All parts of what needs to be sorted if the wool industry is to be viable. She's enthusiastic about the opportunity to "reframe the conversation with more energy and leadership", keen to leverage the premium brand with New Zealand's 'clean green' reputation and benefit from the increasing consumer trend to make more sustainable choices. "We are fortunate to be at a moment in time when green and luxury can go together, this was not always the case, but it is now and wool is the perfect product to bring together the Gucci and the Hippie".

"I'm a proud Kiwi sheila, I love wool and it would be a tragedy to lose this proud part of our heritage." Looking ahead, she believes the future success of New Zealand wool could be an "inspirational story to take to the world in these current times of world economic uncertainty." **IN**