The Open Polytechnic of New Zealand Monographs in Maori Business: Breaking the Boundaries

No. 1: The experience of a group of Maori funeral directors (May 1999)

No. 2: The experience of a whanau group at Te Waananga-O-Aotearoa (July 2000)

No. 3: The experience of the first indigenous wine company to export high quality wine from New Zealand (Dec 2002)
The experience of the first indigenous wine company to export high quality wine from New Zealand
(A bicultural research project)

The Open Polytechnic of New Zealand Monographs in Maori Business: Breaking the Boundaries No. 3.

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Te patae o ta matou puka puka — nga Piripi Paea o Ngati Porou I whakatakato — I roto I ona ringa ringa — te kaupapa nei. He tangata rongoonui mai. Poi Hakena (Australia) me Aotearoa, mo ana mahi whakaatu, me ona whakaaro hoki, he tohunga mahi tonu. Tana nei kaupapa.

Tumatanui — He whaka tau-aki, kia mataara kaua e hunangia te kaupapa nei. Tonu waiwata mo te Maori, mai e tona whangutanga = kia tipu, kia rea, tua-uri tuatea aro nui — hei pou mo te tangata I runga. Ona hikoi, I tona waka, hapu, whanau. I te ao Wairua.

Artwork on the cover by Phillip J Paea of Ngati Porou, a Graphic Artist/Illustrator for most of his working life for reputable organisations in New Zealand and for a number of years in Brisbane, Australia. He is self-employed and is a very busy person.

Tumatanui (‘open, public, without disguise’) explains our research. The Maori motif is the ‘tree of life’ which allows us to be born, to grow, and develop from the baskets of knowledge, (nga kete o te matauranga), which helps us to make a choice of the direction that we desire to travel on our waka, whether it be sacred, ancestral or life’s knowledge.

Whaia te ara tiki mau ake

Follow the path that is right for you
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Without the active support and encouragement of these people, and many others too numerous to name, the research project would not have been possible.
Pull out the centre of the flax.
Where is the bellbird, the song?
You ask me,
What are the important things of the world?
I reply forcefully,
It is people, it is people, it is people.
Introduction

Greetings one and all ...

This research provides a case study of the first ever Maori export wine company. This significant point of difference is just one reason Tohu has been able to make its mark overseas. Tohu has always been aware that Maori branding would factor significantly in its appeal to overseas buyers.

Our research philosophy ‘Breaking Boundaries’ involves an appreciative inquiry into Maori organisations that break boundaries while operating in a culturally deficient business environment.

Producing quality wines is Tohu’s main objective. The driving philosophy behind the company is also important and comes second on Tohu’s list of objectives.

The land’s sacredness to Maori and the wisdom and values of the old people are central to Tohu’s branding. These qualities continue into the company’s business culture today.

We are looking in an appreciative way at this industry from within, giving what we called ‘Tumatanui’, the inside view of Tohu Wines.

We are looking for the spirit of the place, the things that make a difference and that are successful.

For this we are eternally grateful to our knowledge-carriers who came forth with their stories which you will find enlightening. We are also grateful for their support and dedication to the wine industry and its great export potential.

E rua tau ruru,
rua tau wehe,
E rua tau mutu,
E rua Tau kai.

Two years of wind and storm,
Two years when food is scarce,
Two years when crops fail,
Two years of abundant food.

After long waiting, prosperity comes at last.
Ethical Statement

Statement from the facilitators/editors

The protocol used in this research project aims to protect the moral rights of the knowledge-carriers. In accordance with this protocol, no material from the following stories should be used in any form without the prior approval of the Maori and non-Maori researcher(s).

Wayne Taurima and Dr Michael Cash beside the ‘Pou Rakau’ standing tall in Kanuka at The Open Polytechnic of New Zealand
Pou Rakau

Carved by the students of Te Waananga-O-Aotearoa to mark its partnership with The Open Polytechnic of New Zealand, Pou Rakau is also a statement for Maori to grasp the opportunity for learning. The base of the ‘Pou Rakau’ represents the wharekura or house of learning with the base as the ‘basket of knowledge’ (Nga Kete-O-Matauranga) and with the centre which is hollowed out, seeks to probe or dig into questions of knowledge and academic enquiry.

We aim to seek and gain valuable Maori knowledge from our recognised knowledge-carriers within this industry and to identify and pay tribute to all of them. Their contributions are immeasurable, their commitment unqualified, their loyalty often unrewarded.

Grow up and thrive in the days of your world; put your hand to the skills of the European to give sustenance for your body, give your heart to the treasures of your Maori ancestors as a garland for your head, and your soul to your God, the creator of all things.
Tohu Wines Ltd, of which Wakatu Incorporation owns half, is nowadays living up to the meaning of the word *tohu* — mark or sign — by making a mark internationally.

Among recent successes was Tohu’s Sauvignon Blanc being chosen in the top five among 4,000 white wines entered in the annual Aspen, Colorado wine show. Tohu was one of 18 New Zealand wineries with displays in a New Zealand Wine Institute stand there.

Tohu Wines is selling its wine as fast as it can be produced. Weather and other grape-growing conditions permitting, Tohu Wines is planning to quadruple production next year.

This year’s 6,000 cases have been sold, as have the remnants of last year’s production. Indications are that next year’s 24,000 cases will be spoken for before bottling.

The progress of Tohu Wines has warranted the business setting up its own offices in the central business district of Lower Hutt. The business plan required a patient approach. Returns are now imminent as we move from being one of more than 300 small wineries in New Zealand into the top 20 or 30 wineries in terms of production, which we will do with our 24,000 cases next year. This increase in production will not be at the expense of quality. Quality remains the focus, but Tohu Wines needs a large increase in output in order to reduce the costs of producing each bottle.

Establishing international markets is not easy. Tohu Wines had to prove themselves. They have done that, with an array of medals from both New Zealand and international competitions, and applause in leading wine magazines in the United States and United Kingdom for both quality and respectable price.

Whereas the quality of the product is always top priority for those consuming it, there is increasing interest in its *indigenous heritage*. The Tohu story is boosting its marketability.
The most significant recognition of Tohu Wines’ indigenous nature was its recent selection for sale in a United States casino owned and operated by native American Indians — an indigenous business run by another indigenous people.

This year’s Tohu Wines production comprised 4,500 cases of Sauvignon Blanc, 850 of Chardonnay and 650 of Pinot Noir. Half went to the United States, with most of the rest to the United Kingdom and other European Union countries Ireland and Holland.

Tohu Wines are now on sale in eight American states, and they will take as much as we can provide.

Tohu Wines’ involvement in the annual London wine show resulted in a second Dutch company ordering an initial 800 cases for its 35 outlets and a Belgian company requesting several hundred cases.

Having built relationships with importers and other customers, it is important that Tohu Wines continue to develop them while at the same time creating new business through attendance at the main wine shows.

Domestic effort is now focusing on sales to individual restaurants and other outlets and on mail-order sales. Since Tohu Wines’ establishment in 1998, people have been able to purchase direct from the company. Based on the success of this venture, Tohu Wines intends developing a list of potential mail-order clients. Sales within New Zealand will be limited to several hundred cases this year, with a much-increased amount next year.

Blenheim’s Whitehaven Wines Ltd continues to make and bottle Tohu Wines’ Sauvignon Blanc and Pinot Noir.
“Tohu (mark or sign)

‘Incorporates a pathway through life with strength of purpose with the support of ancestry, identity and the carriers of culture within the national and international environment.’
The Tohu Partnership

Maori today

Maori have a spiritual union which ties them to the land (*whenua*) in which they settled, and the intimate cultural and spiritual relationship binds them with the natural resources of that geographic area. This cultural and spiritual relationship gives rights of mana whenua, or collective authority, over a geographic area. It also places responsibilities on *iwi* as *kaitiaki* for the management of natural resources in these areas.

Today, Maori now own or administer a fraction of what they once owned or had collective authority over and today, many different types of governance structures, such as trusts and incorporations, have been established to administer remaining Maori-owned land.

Maori organisations are now taking on a wide range of active roles to provide a vision and leadership for Maori cultural, economic and social development.

The Partnership

Wakatu Incorporation, with partners Ngati Rarua Atiawa Trust and Wi Pere Trust, have formed a wholly owned Maori wine company, Tohu Wines. Tohu Wines’ philosophy is based on producing and marketing high quality indigenous wines for export markets.

*whenua* (ground, country)
*iwi* (tribe)
*kaitiaki* (guardians)
Wakatu Incorporation

The Incorporation’s purpose:

To grow our economic base, enabling whanau to achieve their social and cultural goals

and our mission statement:

A business of the land and sea
for profit, social and cultural growth through professionalism,
honesty, diligence and embracing our tikanga.

Wakatu Koporaihana
Te mana whenua me te moana he taonga tuku ino na nga tupuna hei
oranga mo te wairua me te tinana. Nga kaitiaki I tenei taonga,
he uru no roto i te ao hou e mau tonu ana ki o matou tikanga

Wakatu Incorporation is a Maori business of Land and Sea (‘He Taonga Tuku Iho’)*, based in Te Tauihu-o-te-Waka*, and currently has an asset base of approximately $103 million. It was established in 1977, under New Zealand Government directive, to take over the administration of some 1400 hectares of Maori reserve land, which was originally set aside as a condition of purchase by the New Zealand Company in 1841.

The New Zealand Company was first established in the 1830s to facilitate the migration of colonists to New Zealand from England, Australia and Europe and purchased thousands of hectares of Maori-owned land through a series of dubious sales. Within this land settlement system Maori were relegated to Maori reserves away from colony settlements. From 1842 to 1977 Maori reserve land in the Nelson-Motueka district was administered on behalf of its owners

*He Taonga Tuku Iho (Maori Business of Land and Sea)
*Te Tauihu-o-te-Waka (Nelson, Marlborough area)
by a succession of Crown-appointed Boards, Commissioners and Trustees. From the 1880s this land was subject to perpetual lease.

Today, Wakatu Incorporation represents a very progressive Maori business with a large investment portfolio in horticulture, wine, forestry, property, dairy farming, fisheries and mussel farming. It has around 2,000 shareholding beneficiaries, who are descendants of the original owners from the principal iwi, Ngati Rarua, Ngati Koata, Ngati Tama and Te Atiawa*.

*Ngati Rarua, Ngati Koata, Ngati Tama, Te Atiawa (Tribes from the top of the South Island)
Ngati Rarua people first settled in the North Island, Aotearoa-New Zealand at Marakopa, Waikawau, Kawhia, Awakino and southern Waikato (of the North Island) before moving to Te Tau Ihu O Te Waka a Maui (Nelson-Marlborough region) in the 1820s. Today the Ngati Rarua *rohe* is situated within the northern part of the *Te Waipounamu*, extending across the region of *Te Tau Ihu O Te Waka a Maui* (Nelson-Marlborough region) and the areas of *Te Tai Poutini* as far south as *Mawhera*. Ngati Rarua *marae* are located at Onetahua (Golden Bay), Whakatu (Nelson), Te Awhina (Motueka), and Wairau Paa (Blenheim).

The Ngati Rarua Charitable Trust was formed in 1992, and as a legal entity it strives to improve the social, cultural and economic wellbeing of its people. It is also committed to the preservation of traditional culture, social development, and fostering economic development through commercial enterprise. The trust has its own social and health services company (*Te Hauora O Ngati Rarua Ltd*) and fisheries company (*Te Tao Tangaroa Ltd*). The trust also provides educational grants.

*rohe* (tribal area or boundary)
*Te Waipounamu* (South Island, New Zealand)
*Te Tau Ihu O Te Waka a Maui* (Nelson-Marlborough region)
*Te Tai Poutini* (West Coast of South Island)
*Mawhera* (Greymouth)
*marae* (focal point of village)
Ngati Rarua also carries out a number of other major programmes including

- resource management (iwi management plans)
- marae activities
- land development
- education.
William Pere Halbert was the only child of Thomas Halbert, of Newcastle-on-Tyne, England, and Riria Mauaranui of Gisborne. His parents were married on 21 April 1839 by the Rev William Williams, who also baptized ‘two-year-old William, the same day’. For most of his life, William was known as Wi Pere. He was elected to Parliament as representative for the Eastern Maori electorate for the 1884–87 and 1894–1904 periods, and to the Legislative Council in 1907–12. In 1854 Wi Pere married Arapera Tautahioterangi. They had four children, of whom two sons, Hetekia Te Kani (or Te Kani) Pere and Moanaroa Pere, survived to have families of their own.

The Wi Pere Trust was formed in April 1899, by Wi Pere, who was a chief of Te Aitanga a Mahaki and Rongowhakaata near Gisborne on the East Coast of the North Island, New Zealand.

Wi Pere’s vision was to nurture and develop the land of the Trust for the benefit of future generations. His descendants still follow his founding philosophy.

The Wi Pere Trust now administers $27 million worth of lands and assets for its beneficiaries.

Wi Pere Trust are involved in sheep and beef pastoral farming, horticulture with citrus fruits, wine grapes and cut flowers for export, plus forestry.
Paul Morgan

Paul Morgan, who is of Ngati Rarua and Te Mahurehure descent, has been a Board member of Wakatu Incorporation since 1986 and became chairman in 2001, after 12 years as deputy chairman. He is a full-time executive deputy chairman of the Federation of Maori Authorities (FOMA) based in Wellington. He is also chairman of the Organisation of Maori Authorities (OMA), chairman of the Ngati Rarua Atiawa Iwi Trust, past deputy chairman of the National Institute of Water and Atmospheric Research Ltd (NIWA), and a director of Paul Morgan Associates Ltd, HKM Associates Ltd and Landcorp Farming Ltd. He is the FOMA representative on the Maori Tourism Advisory Group (MTAG) and has been a member of various government-appointed advisory groups in recent years.

... we are Maori land owners and we are interested in how we can participate in land use opportunities — not just the production on the land but how we can add value.

The Tohu Wine Company itself was the result of a collective body of people who wanted to explore sustainable land use and the fact that we are Maori land owners and we are interested in how we can participate in land use opportunities — not just the production on the land but how we can add value. So that was the underlying thinking. The work began basically just looking at what involvement Maori had in the industry. We didn’t begin the work with the thought of entering commercially into it, we began the work purely in the first instance looking at what involvement Maoridom had. There were twelve participants in the group. We asked what level of participation, whether they were growers, processors, winemakers and, having done that asset assessment, talked through what might be some of the aspirations of the group.

That led into the second stage of the work, which is essentially creating what might be a model wine company. It was all theory basically and to do that we
employed a team of professional experts who provided us with viticultural, marketing, and financial expertise. We essentially looked at where Maori were at in the context of the industry. We also looked at the New Zealand industry in the context of its global position, what were the strengths of New Zealand in the industry and what were the regional strengths of Gisborne, Hawke’s Bay, Marlborough, and the other areas.

... a Maori-owned company, having a distinctively Maori branding strategy.

We next determined what we thought was a potential vision for Maori participation. The focus was to always be landowner/growers but also to add value and actually create a wine company. The focus would be on the fact that we were a Maori-owned company, having a distinctively Maori branding strategy. This consultation process evolved into the third stage, where three parties made a commercial commitment which essentially agreed with the vision and invested in the creation of a start-up company, which was Tohu Wines.

The current involvement with Maoridom was that it was fragmented. There were a number of significant growers in Maoridom across the regions. It was quite clear that there was quite a bit of Maori land out there that had the potential to be involved in the industry through plantings. We lacked the expertise, although there was some in Maoridom. We lacked it amongst ourselves, and I am talking about technically in viticulture, in the processing of wine making and certainly in the marketing, we lacked all that type of expertise. But there was clearly some potential there and the only way that we were going to succeed was if our people joined together in a single enterprise. In doing the assessment work, we had developed a view on the size of company that was going to be required to warrant the employment of the expertise. When we got that through our modelling, we had a very early view on what was required, and therefore the capital required and the time commitment that was going to be required to achieve the first goals.
... we were focusing on our story, our brand development.

When we developed the brand we looked at all the components: land and viticulture, where most of the capital is involved in the wine industry. We looked at the processing and wine making aspects which needed a bit of capital, and then at the marketing, promotion and development. We determined we would start at the marketing, and our decision to do that was on the basis that was the minimum capital required to start because we were focusing on our story, our brand development. We wanted to actually get out into the market to test our theory, whether we could enter the market with product, whether we could build the relationships, whether essentially we could get the introduction to better people who would be interested in our company. We could have failed in the first two years and not achieved enough light to encourage us to go on, and we would have lost our capital, but it is not the same as going and buying new land and planting new plants which take you three years to get any grapes. You have a huge investment involved. We weren’t exposing ourselves to that initial risk.

I think probably in terms of our original vision or our original plan we have stuck to the original thinking ...

I think probably in terms of our original vision or our original plan we have stuck to the original thinking, which was sound. Our modelling was good and our strategy, which was to be a cool climate wine company in Premium Wines, is soundly based for New Zealand. We have stuck to that, and it is a ten-year plan. Depending on our performance we could achieve that in probably eight years as against ten. So we haven’t veered away from it. The strategy was to mark it, review our performance in two years, which we did, and that gave us enough commitment to backwards integrate, to purchase and develop land. We have invested into the land and we have got a large development programme. Probably the fifth year in the programme was really to review our process of wine making in the sense that we have relationships doing that in joint venture. We are now exploring the opportunity to stand alone or in a permanent relationship for the process of wine making. That is important because the whole business is based on quality, consistent quality of wine.
... the key to this is identifying skilled people who fit and believe in your vision ...

It wasn’t a disadvantage because experience shows that the key to this is identifying skilled people who fit and believe in your vision to work with and, from the foundation of the research up until now, we still have those three key people working with the company. So we have had now a seven-year relationship with people right from day one on research. That is on the viticulture side, the wine-making side and our marketing. Our decisions in terms of selection of these people have turned out to be sound. They are people who are passionate about the industry and certainly passionate about us being successful, and they always bought into the concept of what we are trying to achieve.

He was found through our Trade New Zealand network ...

One was a Gisborne boy who was associated with one of the shareholders. We had an interview process. We looked at a number of wine makers and he was selected. The viticulturalist was the key. He was found through our Trade New Zealand network and has a PhD in viticulture, and his wife has international marketing experience in sales from the New Zealand Wine Institute and was Chief Executive of one of the large wine companies. Brilliant team for this particular industry.

Essentially the choices were made by the Directors of Tohu Wines.

Essentially the choices were made by the Directors of Tohu Wines. The whole process went through to research, the plan was modelled up and then the plan was presented to all parties that participated in the research. Then people were given the opportunity to consider participation. Ultimately, the three shareholders determined that they wanted to participate, and then the Directors essentially made the decision and appointed the appropriate people to meet the company’s needs.
Well, the process that happens within the company is that the Directors are making the strategic decisions which are implemented by our manager, James Wheeler. There has been a very supportive environment because James had limited experience in international marketing and development, but he has a Board of Directors that have a lot of skills. He has been assisted and he has grown over the last three to four years. And that is one of the exciting things that has actually happened in the company. But the process is that the company reports regularly. The key decisions are reported back to the shareholders, and we have these reviews which are basically agreed. We have another one coming up in October. So essentially, what will happen there is that there will be a full day workshop, the shareholders will attend, and they will be presented with information on the progress of the company against goals and be told of the critical issues which they should consider to be able to move forward. One of them will be the processing aspect. We have to get the shareholders’ commitment to raising further capital if it is required.
We are trying to ensure that our capital that was being asked for from the shareholders is appropriately being invested across the chain.

One option is to have a plant of our own for the winemaking. We have about four or five options, and we are exploring them. The plan said we wouldn’t look at that until the fifth year. If you have limited capital, where are you going to locate it? The scale of the company, we have to get this within context. We started as nothing. The plan essentially was to take us into the top ten winemakers in the country. We will probably go into the top five of wholly owned New Zealand wine companies. Quite an ambitious plan in the context of the industry, with quite a lot of capital involved. We are trying to ensure that our capital that was being asked for from the shareholders is appropriately being invested across the chain. The whole driver for it is basically our performance in the market. So that has been the process. And it requires a lot of commitment because we are building a company now that is going to be a very valuable company. But it requires a lot of support from the shareholders.

... for instance, one of our shareholders is very experienced in viticulture.

While we have a Board of Directors and management, for instance, one of our shareholders is very experienced in viticulture. So in terms of that aspect of the business we are tapping into that. We have their financial people assisting us in that is they have twenty years of expertise in viticulture — planning, developing and whole budgeting of it. We use another shareholder because they are out in the market all the time and they have a lot more knowledge of global trading, forex management, logistics, all that type of thing. So it is horses for courses.

They are the initial supporters ...

The Board of Directors represent the three shareholders essentially. They are the initial supporters, they put the capital up and essentially, like any process, they are the ones who continue to legitimate it.
They are entities in their own right and essentially they are all Maori landowners.

We have Tohu Wines owned by shareholders. They are entities in their own right and essentially they are all Maori landowners. The big question that they ask themselves (setting aside making a profit annually) is, how can they sustainably use their resources? Accepting the thought that they will be Maori landowners in perpetuity, what is an industry they can get into that has a very long-term sustainable future? That is what they are seeking all the time. How can they use their land annually and out into the future, viably to provide a profit, to look after the land well, provide employment and all those social things that we are trying to achieve? And, of course, provide their shareholders with a financial return.

The last ones to benefit are always the ones who put the capital in.

The last people to benefit are the shareholders. The community that the activities take place in through goods and services being spent there are the most immediate beneficiaries. The last ones to benefit are always the ones who put the capital in.

That is not going to change in this scenario. We are hoping that our plan will be successful. We can make the profit and make a distribution and grow the value of that company for them.

We have moved from talking about the details of business and more into the strategic direction, talking to the owners about what the big picture is.

If the process works well, there should be no one left out of the loop because essentially the responsibility for strategy and investment decisions lies with the shareholders and, if they are working well, they should have a process of continuous consultation, reporting and discussion with the owners about their individual strategy. In that process, we talk about where they are at and talk to the owners about how they are going to use their land and why they actually want to integrate and why they want to be more than viticulturalists, for instance, and what would be the reasons for that. We as shareholders don’t ask each other whether they are going through that process to be effective for the long term, because it is always fine when you are going well, but it’s when the going gets tough, but that is how the process should work. I mean certainly
from Wakatu’s perspective we have formal meetings of owners twice a year, one in Wellington and one in Nelson. We have moved from talking about the details of business and more into the strategic direction, talking to the owners about what the big picture is.

My experience with the three shareholders and the owners has been favourable.

My experience with the three shareholders and the owners has been favourable. I had a meeting up the road here with 300 of them on 6 July, and they were a tremendous group of owners. That has come about through strong communication. That has come about through being full and frank and has come about by basically setting out a plan, showing that you can achieve the goals and objectives in it, and delivering on what you said you could. By doing that in Wakatu’s case it has created enormous confidence and trust. The greatest single decision that the others have to make is the appointment of the Directors, trustees who they will use to delegate their authority to run their affairs, and that is the most significant decision that is made in any of our organisations. If you move across New Zealand, a lot of it is based on Whanaungatanga*, but that is not good enough now. It is fine to have Whanaunga* running your business if they have the capabilities and skills, but more and more we need to have independent people coming into the system for development, and we are seeing that more and more.

The only future is for us to build an international network of customers and sell our produce in the best markets of the world.

Essentially, we have discussed how the wine company fits our view of Maori development at length with our owners at meetings. I have a simple view. For Maoridom we have very little future domestically in terms of market. Now, on the basis that we are Maori landowners, our future is not in New Zealand. New Zealand just doesn’t have enough people. Maori landowners, if we had all our land out there producing and supplying, we would swamp the market. So there is no future for us here. The only future is for us to build an international network of customers and sell our produce in the best markets of the world.

*whanaungatanga (relationship, kinship, birth)
*whanaunga (relationship)
You cannot do that sitting at home, you have to build those relationships. It costs money to do it, but it is a process of getting relevant market information to make decisions and it is also a process of risk management, being able to make decisions early about actually what you are doing with your land, changed land use and the like. It is pretty basic to me. There is a lot of discussion about globalisation and trade. Maori have been in trading for years, right from day dot.

What has happened in the last 150 years under the marketers, distributors and wholesalers and the likes of the middle people, they have taken that control away from us. But now what is happening is that we are moving back into taking control.

**We don’t leave our culture at the front door to the boardroom.**

I think the issues are about values. We don’t do values as a separate matter. It is like culture. When we go into the Wakatu Boardroom, we are a Maori Incorporation, we are Maori landowners. **We don’t leave our culture at the front door to the boardroom.** We bring it in, we practise our culture there, and we make decisions that we believe are in the best interests of our landowners. In the first instance when we are looking about the use of our land, the key factor is really our kaitiaki* role. Some of our land is not used commercially, it is land that is wahi tapu* and so we have actually got a responsibility to maintain that at cost. We have got to maintain the urupa*, we have got historical sites we have to replant, revegetate. We have some wetlands that we have had to put money into, so there is the kaitiaki aspect. Then there is land that is more appropriate for farming or horticulture. So we take the view of, how are we actually going to utilise it ourselves, or will someone lease it out? So our values are at the table when we consider how we are going to use our land continuously.

**... we are a large family business.**

In terms of our relationships with people, our values and culture are very strong because we portray them in the way we do things. Essentially, **we are a**

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*kaitiaki* (caretaker, trustee)

*wahi tapu* (reserved ground)

*urupa* (burial grounds)
large family business. It is very important that they understand that, because of the fact that we are perpetual landholders. We don’t want relationships that are short term. The selection of those relationships are critical. They need to be built on with integrity, honesty and the fact that we can build a future together. So we take a hard look at the people. We do the normal assessment procedures but, having gone through that, the Board has to make a personal judgment on whether we actually have a fit.

... essentially allowed Maori in our district to develop themselves socially and culturally.

I cast my mind back 25 years when Wakatu was established. The owners have got a particular history. Basically, they were disenfranchised for 150 years. They got control of their lands back but, in fact, they didn’t have any control. All they had the right to do was to collect the rent. They have turned that rent collection into getting their land back by buying it back. There was a really strong focus to get control of the land and begin to get the land back, to develop a very strong profit focus because that is the only way to build the future. As it has evolved forward and it has become more successful, the underlying issues and why we are created are coming through, and they are the cultural things, the things that the Incorporation stands for, the preservation of history, genealogy, whanaungatanga*, all those cultural things. The biggest single success of the creation of Wakatu is that we had all the people, they are out there, never really had an opportunity to meet because someone else is managing your affairs. Getting the land back has brought them together. Our district has developed, and it has been a key turning point for our district, the establishment of the Incorporation, because it has allowed our people to be involved in their affairs economically, socially and culturally. It is one of the planks for the region, and this essentially allowed Maori in our district to develop themselves socially and culturally. We have had a major marae renewal programme. The people have developed confidence, the ability to go out and achieve things. That has all come on the back of 25 years of the development of this organisation and our other tribal entities in Te Tau Ohu*. So the whole cultural renaissance in our area has really stemmed from the early 70s and being able to prove to ourselves that we can really achieve things. That has built a tremendous momentum and has led on to other activities in our community.

*whanaungatanga (relationship, kinship, birth)
*Te Tau Ohu (cooperative, skilful group)
... our branding strategy shows that we are different internationally.

Clearly our branding strategy also shows that we are different internationally. People recognise immediately that we are quite different.

If you have a marketing strategy you try to differentiate yourself and be seen, and our strategy says that we are different and there are no two ways about that. That immediately comes through to people and they say, these people are making a statement, there is something different about them. It then allows us to make the introduction to our attributes behind our marketing and/or promotion and the indigenous, cultural focus in behind that. We have to have all those other attributes, such as a quality product. We have to be able to deliver what we say, service customers. But the cultural story has allowed us very quickly, in my view, to open a lot of doors.

If we compared Tohu Wines progress against some of the other industry players, we could probably show that what we have achieved in five years has taken other companies ten! It would be an interesting study to carry out. It would have taken them a generation. I am backing that it will take us eight years, to probably go past them. So whether you want to attribute that to the people and skills in the company or the vision, it has opened doors — there are no two ways about it.

... there is a Maori business ethic ... building that relationship.

I think there is a Maori business ethic. I think it really stems from the way we interact with people. The western model is that you fly into town and you meet people and you want to do the business right then and there. The rest of the world basically meets people. You can’t go to China and write the business. You have got to go and meet people, you have got to have a relationship with them, you have to know them. They are interested in talking about your family, and I am interested in talking about their family. I mean, otherwise, why do you want to do business with them? That is the fundamental drive. I have just come back from my second trip to San Francisco in six months. Basically I didn’t need to be there, but the key reason why I was there was to spend some more time with our partners. One is American, and one is Vietnamese American, because that is the relationship we have to develop. To go forward, it will stem from that relationship. The better we get to know them the more time we have together. It is in our best interests to do that. Next time, they will come to New Zealand in November. We organised that. We are building that relationship.
They have got people doing the business, but at the end of the day, the relationship between the principals is the important thing.

I think we could improve our cultural communication. It certainly is in the printed material and the way we present ourselves. It is hard offshore. In New Zealand, it is because we are on the land, in terms of people coming in, the whole part of that package is the cultural experience for them, so they clearly know who we are. So in New Zealand they can live, breathe and feel what we are, and see what the land means to us. Internationally, we have taken cultural groups with us. I think New Zealand, let alone Tohu Wines, could use a lot more country marketing and the culture and differences, in terms of selling ourselves. It is difficult to achieve this because the New Zealand wine industry tends to programme their wine visits. They must have the United States Wine Fair Programme, and it’s day after day, going from one place to another promoting yourself. Whereas London Wine Show, for instance, is held over two to three days, and I believe we could have our culture more in evidence there.

I think all Maori businesses who are providing a service or a product can continue to improve it.

I think all Maori businesses who are providing a service or a product can continue to improve it. I recently went as a tourist to Whale Watch. It was tremendous, but I think they could embellish that experience a lot more by providing a general history of the district. They could talk about significant landmarks and the stories and embellish the experience. I think we should be able to do that where we are with the land, up the Awatere Valley — there is a lot of history about the maunga* and the people — and make it interesting for people. It is not just the wine. It comes out of a place where the earth has had history. At the end of the day, if you look at the famous brands, they have been built up over centuries, some of them, and they generally come from families and their stories. So it is the whole tradition in history.

So, ultimately, that is what will add the value to us over time. That is how we can get better at doing that.

*maunga (mountain, countryside)
The whole process of entering into the wine-making opportunity was a start up. Most start ups fail. There is a lot of risk because, at the end of the day, we lack skills and expertise, although we are successful in what we do. In terms of this particular industry, we lack specialist skills. The model we developed required a lot of capital. One of the shareholders could have done it, but we are more of the view that it is good to have two or three committed shareholders to share the capital required and the risk and to provide different expertise. And the group that came in were all landowners. All had twenty years plus of land use experience, a lot of land use skills and also a lot of other skills. There was a level of comfort there that, whilst there was a significant risk, you had a future to build. It is hard to develop businesses with other partners but, if you get good at it, and Wakatu has a lot of partnerships, and we work hard on our partnership and joint venture relationships, it allows you to get into significantly larger sized businesses. That is one of the critical factors in being able to access the skills required.

The key to developing partnerships is good communication, good processes in discussing the critical issues.

The key to developing partnerships is good communication, good processes in discussing the critical issues. Not just accepting you have a relationship, you have to work at it. It is a bit like a marriage, I suppose. You have to have the formal times and you have to have the informal times. You have to plan so that you can continuously renew the relationships. Our shareholder review is a very important time because the three parties will come together. At our last review, we had some of the owners come along. Now that is not a problem, they can come, participate, listen, learn and ask questions. So there it is all there on the table. And you do it frequently. To one of our partnerships I said, it is a year since we formally met. We have met working, but our two Boards should be getting together to review our relationship. Have we got problems with it? Are things working well? Can we do things better? Not just accept that things are going all right, not getting comfortable about it. I think that it is important to put a lot of energy into those relationships with people.
We have a plan. If we can achieve our plan, I would call that success. An interesting question for us is measuring success. Measuring success in the short term, in the case of this endeavour, we are trying to build what was for Maori the first company in this industry that is totally integrated and is selling internationally to the global market. We have a plan. If we can achieve our plan, I would call that success. Clearly, we need to make a profit in the medium term, and that is success if we do that. But really success as being a landowner is being able to say that we can use our land and that we can make it productive and look after it, we can get our owners involved, we can get our owners employed in terms of upskilling in the particular industry, and we can actually have a long-term future in terms of ownership of that land. I am concerned that a lot of Maori don’t understand the fact that they own land but in fact they can lose their land — I don’t mean physically, but they are losing the land in terms of forces working against them. The classic example is a group that owns a township where the rates have been very low, which is great, but they are losing. The rent on the land doesn’t even pay for the rates. It has taken Maori twenty years to understand that.

The ownership debate. We have got problems all over New Zealand with Maori land. It is not being of benefit or may be of benefit to only one or two of the whanau who may be occupying it, and the rest of the family are not getting any benefit. That is happening everywhere. The land is not managed, it is not under a management structure. There are hundreds of thousands of hectares like that. In fact, it is not making any contribution to the families, none to the local community and none to New Zealand Incorporated, so to me, that is not a success story.

I mean we have to accept the reality that, to have a successful business, there are going to be models and models of a certain size and scale.

I mean we have to accept the reality that, to have a successful business, there are going to be models and models of a certain size and scale. Some will suit, for instance, organic farming where you can have a much smaller size, for example, five hectares of land. If you have a large management process, you actually produce very-high value produce for the domestic or international market. If you are going to process, export and market they are still going to need the infrastructure to be able to do that. If they can’t put that together themselves, other companies will provide that service. But they won’t be able to actually put their flair and initiative emphasis into that strategy because they don’t control it.
... Tohu Wines is a model ... to contemplate ...

I think for Tohu Wines, it is a model that I would like other people to contemplate more. What tends to happen is that people are project or opportunity driven without actually doing any research. We took three years to research it, and that is far too long, but don’t forget, we were building our knowledge about an industry over three years. We came to a considered view and then made it an investment commercial decision and set off trying to achieve that. I think that is where we are at now. We are into our fifth vintage with Tohu Wines. The jury is still out as to whether we will achieve our goal. I am committed to achieving it, but it is not easy. It is a tall order. We will see rationalization in the wine industry, and it is all going to be on the basis that a lot of them are too fragmented. They are boutique and, basically, the boutique is where the principal works, and they work a hundred hours a week at $5 an hour. As a passion, they love it, but they would need another income. Industries don’t survive on that in the long haul. There will be rationalization to drive the critical factors that are going to be required to compete in the global market.

That is the main focus of this enterprise — how people can work together.

I spent probably twenty years of my life developing this model. That is the main focus of this enterprise — how people can work together. This model is what FOMA* is about. The whole focus of cooperating. I am getting my members together, and we have a lot of clusters, and we are encouraging them to cooperate with one another. We have two entities that basically have the same hapu*, just different families within the hapu, or they are in the same block.

There is a whole lot of things that they can do to work together, and it is ridiculous that they don’t. Most of the reasons why they don’t work together is cultural in terms of mana* issue.

But mana doesn’t provide benefits. There is a perception that it does, but working together really does. That is the reality. And the reality is that there are forces working upon us as Maori, as against every other community in the world, that we have to recognise and that we have to change to meet the challenge. If you analyse New Zealand’s economy, we are an export trading

*FOMA (Federation of Maori Authorities)  
*hapu (sub tribe)  
*mana (integrity, charisma, prestige)
nation. If you analyse the Maori participation in that, we are twice the exporters and traders than the general population. That is the reality.

**I put Maoridom in the developing world.**

I mean everything Maoridom does in resource-based business is basically exporting. Now if you imagine if those markets weren’t there, then we are broke. We are history. If they didn’t exist and trading didn’t exist we are history. We would be without our land because the people from the cities would not move back to the land in the traditional sense to basically eke out a living, it is just not going to happen. So there are a whole lot of debates for and against globalisation and the big debate and its fundamental demise in development is between the West, in terms of trade rules and access to markets and the developing world. **I put Maoridom in the developing world.** So speaking in the developing world context, we in Maoridom don’t want to have quotas, we don’t want to have tariffs, we don’t want to have barriers to us in putting our produce into the world’s market. We don’t want limited access to United States’ markets. That is holding back Maoridom and New Zealanders, but especially Maoridom.
James Wheeler, of Lower Hutt, is of Te Atiawa descent and has been a Board member of Wakatu Incorporation since 1996. He was Manager, Human Resources, for South Pacific Tyres NZ Ltd, Upper Hutt and also a Justice of the Peace. Currently he is the Chief Executive of Tohu Wines but is quoted as saying: ‘I prefer to see myself as a man who owns a wine company with a whole lot of cousins’.

The other thing about wine is that you can put a bit of your story on the back of the label.

I guess one of the real reasons for my involvement in the wine industry was back when we started to look at it in 1993/1994. We had no opportunity to export our culture, export ourselves, we were tied into Continental New Zealand. We asked ourselves, ‘How can we export our culture or get involved in the exporting of our product?’ We realised that our rohe* was one of the best wine-growing areas in New Zealand at the top of the South Island. So we started to investigate how we could become part of the wine industry, so being able to export ourselves or being involved in exporting ourselves and our culture outside the boundary of New Zealand.

At the time we had been involved for a very long time in horticulture, for example, apples, kiwifruit and pears, and the ‘single desks’ were preventing us from going outside the country. We had to sell all our apples to the Apple and Pear Board, and all our kiwifruit to Zespri, which is still the case now. But with wine, we can do something slightly different. The other thing about wine is that you can put a bit of your story on the back of the label. At that time we didn’t actually have our crayfish business, but we were moving into that as well, so it is pretty hard to brand a crayfish (a live one anyway) and then send it up to Asia. Even today with the ability that we now have to export our own apples, we can’t do very much in terms of putting something on an apple to explain our culture, but with a wine bottle — you can.

*rohe (territory, boundary)
2000 GISBORNE CHARDONNAY

OUR GIFT FROM THE LAND - NGA HUA A TE WHENUA

For centuries, Māori, the indigenous people of New Zealand, have been custodians of the country's natural resources, cultivating and nurturing the land forever considered sacred through time immemorial for future generations to share.

Tohu Wines are produced with this special heritage in mind.

A hot, dry growing season in Gisborne has produced wonderfully ripe fruit displaying peach and other stone fruit characteristics.

A light touch of new oak animates elegance to match the fruit highlights. Enjoy this wine lightly chilled whilst young or cellar up to three years.

Produced & Bottled By: Tohu Limited,
72 Trafalgar St, PO Box 10,
Nelson 7015, New Zealand.
www.tohuwines.co.nz
Lot TUCH00
Imported By: Tohu Wines (Europe) Ltd
5A4-1SZ, UK

2000 MARLBOROUGH SAUVIGNON BLANC

OUR GIFT FROM THE LAND - NGA HUA A TE WHENUA

For centuries, Māori, the indigenous people of New Zealand, have been custodians of the country's natural resources, cultivating and nurturing the land forever considered sacred through time immemorial for future generations to share.

Tohu Wines are produced with this special heritage in mind.

A typical growing season in Marlborough has produced a ripe, herbaceous Sauvignon Blanc displaying all the characteristics of tropical fruit and capsicum, finishing with crisp, fresh acidity. This wine is a style best appreciated when youthful. It may be cellared for up to two years.

Produced & Bottled By: Tohu Limited,
72 Trafalgar St, PO Box 10,
Nelson 7015, New Zealand.
www.tohuwines.co.nz
Lot R130
Imported By: Tohu Wines (Europe) Ltd
5A4-1SZ, UK
Of course now, what we are seeing, because we have a very high quality wine — that it is not the point of difference, because most of the other exporting wine companies in New Zealand have very good quality wines as well. But we have got a massive point of difference in that we are the first Maori wine company to export. We have the ability to do so much more than any other New Zealand wine company in terms of our branding, our marketing and taking our culture around the world.

... what better vehicle to use than our own culture?

We want to grow our business both in New Zealand and overseas, and we have gradually, over the years, been saying we want to be able to be involved in marketing our products around the world, and what better vehicle to use than our own culture? Our target market for wine in the world is mainly the United States. They have recently discovered that they have their own indigenous past, some of which they may not possibly be too proud of. A hundred and fifty years ago they put their native Americans, the Indians, onto reservations. They made a slight mistake at the time but didn’t realise it, I think, in that they created tax havens on those reservations. Those tax havens have now turned themselves into money-spinning casinos, and native Americans are now among the richest group of people in the United States. So things indigenous in the United States are becoming important and certainly coming to the fore, and so anything indigenous to Americans is of interest.

... that we are true to our principles of governance for the shareholders ...

We see globalisation as an opportunity for Maori. I will take every opportunity to make money for my shareholders that I can. The overriding principle is making sure that we are true to our principles of governance for the shareholders and for our wider shareholding communities, but in line with that, making money is the second most important thing.
...Maori have always been people of the land.

The other thing is that Maori have always been people of the land. We used to own the whole of Marlborough. I stood up in front of a seminar in Toronto about three weeks ago and was on a panel, and beside me was Phil Rose, the owner of Wairau River Wines, a big wine company in Marlborough, and on the other side was Huia Wines and then Montana and a couple of others. When it was my turn to stand up and talk, I said after my introduction, which always gets them going because I speak in Maori: ‘Actually we used to own Wairau River and we used to own Huia, and actually we used to own the whole of Marlborough.’ Well, everyone just burst out laughing! And my friend, who works for Montana said, ‘Them’s fighting words, son!!’ He is a New Zealander.

I mean let’s face it, we used to own the whole of Marlborough, some time ago. But the value for us is, because we are people of the land, and because we have been farmers and horticulturalists for a long time, that is a good part of the value chain to be in. Let’s get our own land working for us. We have a lot of land in Nelson that we are going to plant one of these days, but because Marlborough has the name for Sauvignon Blanc, Marlborough is known about the world as the best. So we had to start in Marlborough. We started by proving the label. We didn’t race in and plant a whole lot of plants, we started by getting our wine the way we wanted it. We used the right people, the experts in every field. One of the best viticulturalists in the country is Dr David Jordan. We used him and still use him today. The best wine makers, the best in their fields, we used to prove our wine. We involved people in the design of the label although we also did a lot ourselves internally. We wanted to know that our indigenous product from New Zealand would be of some value in the States.

Trade New Zealand did helpful work for us as well. They went out there, and they did a lot of focus group research in New York and on the Eastern Seaboard of the United States and really helped prove, from that part of the business chain, that it would work. So when we started it in 1999, our target market was the United States.

I jumped on a plane in 1999 and took some bottles of wine, and I was heading for the States, but you know, it is cheaper to fly past the States and go to London than it is to just fly direct to the States. So I flew to London as well, and we got a market going in the United Kingdom before we got one really established in the United States.

So just getting back to the value. The value to us was that we could see that, if this worked, then we would want to have our own vineyards, and our own
people working on our own vineyards. The value chain to us was to have the ability to employ our people in vineyards and winemaking and marketing, the whole bit. So we just didn’t want to go out and make money. Yes, we could have bought grapes, stuck them in a bottle, made some money, and that maybe would have solved our fiscal part of the exercise. But the whole value chain to us is to be able to have our people growing the grapes, making the wine, selling the wine, doing the whole *mahi*, the whole bit.

Sonny Beauchamp (of Gisborne) and Mugwi MacDonald working in the Awatere Valley, Blenheim with Dr Michael Cash asking those vital questions. ‘The value chain to us was to have the ability to employ our people in vineyards.’

We have got 300 acres in the Awatere and we have planted 55 of those, and we are going to finish the rest of the planting this year. We have 100 acres in the Wairau Valley, of which 20 are already planted, and we are going to finish planting the rest this year and/or next year.

We are not going to plant all of that for ourselves, but we are going to plant the rest of it for someone else. We are going to lease it to them, and we are going to make money out of that. Then we have a contract grower, who is so impressed with us, he gave us 40 acres the first year, and now he has given us the whole lot, so we have 140 acres of his. He is so impressed with us now and with our viticulturalist David Jordan, that he allows us to manage his vineyard the whole year round. He does the work, but we tell him what to do. Because it is how

*mahi* (work)
you train the vines, and how much leaf plucking you do, and how many bunches you drop on the ground at various times of the growing season that gets the quality of wine that goes in the bottle.

Just as another aside, when I was in Toronto at the New Zealand wine show, we had a panel discussion about Pinot Noir. We had 14 Pinots on the table, and we had the head buyers for the government there, important wine writers, big trade people, and they all tasted the 14 Pinots, and the consensus was that our wine was the best. And then the government buyer came along. He tried all the 14 Pinots, and the only one he bought was our wine. He said this is the best one.

*In terms of quality, we are right up on the top of the quality chain.*

In terms of quality, we are right up on the top of the quality chain. I don’t have any problem with taking my wine anywhere because it is of the highest quality in the country. We are building up to be quite a large company. Last year, we produced 6,000 cases of wine in total. This year we have 30,000 cases of wine. By the time our vineyards come on line, we will be up to about 116,000 cases of wine in about 2006. Now when we get there, with the way things are going with wine companies around New Zealand, Montana has been sold, Nobilo has been sold, Matua Valley has been sold, all to overseas buyers. By the time we get to our target, we will be one of the larger New Zealand-owned wine companies.

*... we are going to end up being one of the largest New Zealand-owned wine companies ...*

So from a little idea that we had in our Boardroom in 1994, which was, let’s find a vehicle to export our culture, we are going to end up being one of the largest New Zealand-owned wine companies, with one of the highest quality wines in New Zealand. At the same time, we are providing jobs for our people, from the vineyards to the wineries, to marketing, involving the whole business structure.

Today, I have to make a decision about employing another Marketing Assistant. I advertised, and received 23 replies, interviewed 15, had one or two back for a second time, and now have a short list of four. We have now appointed a marketing graduate.

Ideally, if we can put our people into the whole business, that is great, but we can’t afford to do that unless we get the best people for the job. But one day,
these jobs will come up over time and, at the moment, we have one Maori from Gisborne working in our vineyard. One day, we will have a winery. We don’t have it at the moment. It is usual to have a winery with this size of operation.

So, one day we will have our own winery. We will need a winemaker, we will need winery staff, we will need marketing people, we will need accountants, we will need management. I won’t be here forever. There is a future here. So the value chain to us is from the vineyards right through to the administration, accounting, and marketing.

‘Hey Koro, I am going to be your winemaker one day!!’

My niece is just finishing her food technology degree in Auckland, which is a great grounding to become a winemaker, and she has already told me, she has gone into print and said, ‘Hey Koro, I am going to be your winemaker one day!!’ When she finishes this year, she is going to do her degree in Oenology, and then she may be able to work in our winery.

It is just beautiful.

On the day we opened it, we brought ten American salesmen out who had been selling our wine. They had met sales targets and received a free trip out here. Our United States importer brought them out, and we looked after them, and they were entertained by our own kapa haka* group from Wakatu. Well, it’s made up of Wakatu shareholders. We had a hangi* there, we had a kapa haka group, it was just fantastic and this is the land. It is just beautiful.

We have kept all the native trees that we can, and we are planting more natives. In terms of being New Zealand green, we are looking after the ecology side, and we want to foster the environment. The river runs down here and, right around the bank, we are going to replant some rare natives. That is part of our mahi* as well, I guess.

*kapa haka (Maori culture entertainment group)
*hangi (earth oven, food from earth oven)
*mahi (work)
Kapa Haka Group from Wakatu shareholders performing in the Awatere Valley

'We brought ten American salesmen out who had been selling our wine.' The entertainment at Awatere.
Our people strategy is to develop our business and bring our people in if they have the necessary expertise. But it doesn’t need to be exclusively Maori people. Sonny Beauchamp, who is working down in our vineyards now, is Ngati Porou and he is committed, he is great. You talk to him, and he is one of those people who is so committed and so hardworking.

We explain to our shareholders ...

We explain to our shareholders exactly what is going on every step of the way with Tohu Wines. I have to say they are very, very supportive of what we are doing. It is their money that we are using to buy this, so it comes in, in terms of shareholder contributions from the shareholders, but then it is up to me to do the right things with that money. So in terms of Tohu Wines, there is no real conflict between Maori values and commercial values, although I will always tell you that what I am doing is increasing the value of this company for the shareholders.

I have my own personal dream that we are going to be one of the foremost Maori exporters in the country by, say, 2010.

I have my own personal dream that we are going to be one of the foremost Maori exporters in the country by, say, 2010. I really believe that we have a great product, we have got a great culture behind this, and we are going to go places with it. My vision is to be the best we can with Tohu and to make it absolutely successful because that goes back to my little pet hope that, with young Maori who are not succeeding, one day we can hold ourselves up and say: ‘Hey, we are one of those heroes as well. Here is Tohu Wines that has taken Maori culture to the world, or has taken our part of it.’ There are lots of other people who have taken our culture as well. But in terms of exporting, I want Tohu to be one of the foremost exporters in the country.

Being true to our Tikanga* values is very important ...

Being true to our Tikanga values is very important to us. Being true to our view of our governance in terms of our business is of absolutely vital importance to us.

*Tikanga (custom, obligation, meaning, conditions)
I have got my taonga* on my black shirt so I stand out. There is no way they can confuse me with just any New Zealand winery.

I have just been on a trip for six weeks visiting Germany, London, Toronto, Vancouver, Los Angeles, San Francisco and did seven wine shows, some of them two or three days long. All the New Zealand wineries have their product in a room or in a row. I have got my taonga on my black shirt so I stand out. There is no way they can confuse me with just any New Zealand winery. Then we have the lineup of four or five of our wines, have a display set up and brochures, and we look distinctive.

... if we can involve other Maori profitably in a business venture, then we will do that ...

This stems from our shareholder mentality where it says we want to be bigger and better every year, and we are growing every year, and if we can involve other Maori profitably in a business venture, then we will do that because it only makes it better for everyone. So we have got this philosophy that says, yes, we are going to be bigger and better ourselves, but we want to bring Maori with us. But having said that, when we investigated the wine business, we formed what was called the Maori Wine Group, and we went to every iwi, every Maori business that we could find, and we had korero* with them to see if they wanted to come in with us. So what we wanted to have, in fact, is a large joint venture with a whole lot of Maori because we saw it as advantageous. At the end of the day, Ngati Rarua Atiawa Iwi Trust, which is our own whanau anyway, and Wi Pere Trust of Gisborne joined us.

It would be nice when we do another joint venture one day to think that some Maori can get involved in business with us and see the benefits.

... I measure success by profitability first and foremost.

Pragmatically, I would measure success by achieving the budget and making a profit. Last year was the first year we made a profit, and so the three years before that we have made a loss, but we budgeted to make a loss for six years, so we did pretty well. So I measure success by profitability first and foremost.

*taonga (gift)
*korero (talk)
If I am sitting with my Wakatu Director’s hat on, then I don’t necessarily measure success in Wakatu in monetary terms because we have got a different philosophy there. We measure it in terms of our Tikanga*, a lot more in terms of our shareholders’ values.

First and foremost, you must have the quality of the wine.

First and foremost, you must have the quality of the wine. So that is the measure of success, absolutely. I have had American buyers (and more than one) ask me, ‘Why should I drink your wine over this one here because they are both about the same?’ and that gives me the perfect opportunity to talk about our point of difference. So straight away, I start talking about our label and about Sandy Adsett* who did this painting and the fact that this bird on the label represents our Maori flight in terms of our exporting, and the two people here are standing on Papatuanuku*, and they are holding up the sky, and tell the whole story about this. Then these little diamonds here represent the different parts of our business. By the time I have finished telling them that, well, they are not going to drink that person’s wine. They are going to drink our one!

Tohu Wines label
Tohu Wines is the first indigenous wine company to export high quality wine from New Zealand

*Tikanga (obligations and conditions)
*Sandy Adsett (A Maori artist and designer)
*Papatuanuku (earth Mother)
... making sure that I get it right ...

I make the plan and, to the Board’s credit, they have agreed with my plans every year so far. They may make small changes but, basically, when I present the marketing plan, the strategic plan and the budget, they pretty much agree. I guess I have been successful in making sure that I get it right as far as they are concerned.

We certainly argue, discuss and change a few things around, but they are only minor things. The general direction that I paint is the way we usually go.

There are no single shareholders in Tohu Wines — 50 per cent of Tohu Wines is owned by Wakatu Incorporation, 33 per cent is owned by Ngati Rarua Atiawa Iwi Trust and 16.67 per cent is owned by Wi Pere Trust.

... being CEO of this company.

I am accountable to the Board of Directors in terms of being CEO of this company. I am one of the Directors, and then that Board is accountable back to the three shareholders. It is the Board of Tohu Wines that legitimates the whole project.

James Wheeler, Dr Michael Cash and Wayne Taurima at Tohu Wines Head Office in Lower Hutt
**Mugwi MacDonald**

Mugwi MacDonald of Blenheim, is of Rangitane and Ngati Rarua descent and has been a member of the Tohu Wines Board since the Incorporation’s inception in 1977. Now retired, he farmed in Blenheim for 25 years and was a director of two milk companies.

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**I came to be connected with Tohu Wines when some of our people in New Zealand ...**

I came to be connected with Tohu Wines when some of our people in New Zealand got together and tried to establish a New Zealand indigenous Maori wine company. The people went around New Zealand and tried to get enough people who were already partaking in the wine industry through growing grapes to try and get them interested in forming a wine company. It wasn’t called Tohu then in those days. They went all around New Zealand and finally finished up with only three authorities who were prepared to go into the wine company. These three were Wakatu Incorporation of Nelson, Ngati Rarua Atiawa Trust in Motueka and Wi Pere Trust from Gisborne. Together, they formed a wine company. Wakatu took a half share (3/6 share), Ngati Rarua (2/6 share) and Wi Pere (1/6 share). They formed that company and, after much consultation and consideration, they came up with the name ‘Tohu’, meaning ‘mark’ or ‘signature’.

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**Tohu ... is a beacon for our own Maori people ... on our own shores ... and to make a mark overseas.**

The name and the label were very important. We all talked about the name and, with the help of consultants, chose the name and brand. When the name ‘Tohu’ came up, we thought, that is a good name and would make a mark. To make a mark is a beacon for our own Maori people that something could be done, not only to work on our own shores but to work and to make a mark overseas.
We are gradually getting our culture overseas. We are doing it nicely and quietly. I can see one day James taking a concert party overseas in conjunction with a big wine festival or something like that to promote our goods. James will tell you that he has had a bit of experience that way overseas.

**The wine itself makes a mark because we made a conscious decision to go for quality rather than quantity.**

The wine itself makes a mark because we made a conscious decision to go for quality rather than quantity. Of course, by that, you keep the yield down in your vineyards because you go for quality, and you get it at the other end with your price and the selling part of it. I believe there is quite a demand for a good quality wine overseas, and we concentrated on the Marlborough district because Savignon Blanc has got a good name overseas. A feature is that we have gone into the whole value chain, not just growing the grapes and selling the grapes on to someone else. That is a conscious decision we have been making over the years, rather than just be growers, rather than just taking the money for growing things, where you are at the mercy of the markets. We thought we would go for added value. If we grow the vineyards, why don’t we get a share in the profits, why don’t we get a share in the marketing profits that other people make, and the big marketing profit that comes from overseas exporting? New Zealand is such a small place that the market is too small for all the wine that can be produced here. You have to look for overseas’ markets.

What is unusual about our process is that we went straight overseas. As a matter of fact, I think Hunters Wines, that started the boom over in England, also more or less went straight overseas. So we made that conscious decision to market overseas. Originally, we were not going into vineyards because there were enough grapes available at that particular time that we could buy the grapes from the existing vineyards. With the boom in grapes, we just couldn’t do that any more, so we have found out that we have had to grow our own grapes, so we have made a decision to buy enough land and to have enough vineyards to produce 60 per cent of our own market. We are aiming eventually for 100,000 case production. Our original aim was to get enough land to produce 60 per cent of that, which is 60,000 cases.
... our original aim was to get a spread of wine from all over New Zealand.

In our own case, we didn’t have any Maori land in Marlborough. We had to buy our own land in Marlborough. In Motueka, we had our own land there, but that is all in apples and kiwifruit. But Nelson hasn’t got the name for grapes that Marlborough has. So we identified Marlborough as the place to start if we wanted to buy land for vineyards.

The original idea was to pool the products from Maori-owned land, not the land itself. If there was a good product, say, in Waiheke Island and they were willing to put enough money in to grow grapes, our original aim was to get a spread of wine from all over New Zealand. But it was always my view that Savignon Blanc had the name overseas, and that was where we should concentrate firstly. We concentrated on Marlborough because our potential partners had to find capital to come in with our venture, and so it may not have suited them. For different reasons, all but three of the other potential partners pulled out.

... the photos ... just happened to strike a chord.

Let me tell you about how I came to be in that photo where I am being merchandised all over the world. Yes, I am going to give James my bill one day!! James wanted a photo taken, and he said, ‘You are it.’ I said, ‘Get Bill to do it,’ but no, he wanted me. He told me to get a young boy to be in it as well with me. At that time, Marge and I didn’t know any little boys. My grandson would have been the first, but he was up in Auckland. So anyway, we went out to Spring Creek School one day, and we waited until the kids came out, and we looked and looked and didn’t find anyone who was suitable! Marge said, ‘Why not try Pakuwera?’ That is my great, great nephew. So I went around there, and I waited, and his mother brought him out, and then the photos were taken. As quick as that, and they just happened to strike a chord.
Guarding our land and heritage and handing it on to our young people, like the bunch of grapes I am handing to young Pakuwera.

It is something for our children to aim to do, to better themselves and give them an interest in their lives.

I think it is a wonderful photo. People say it is. I think the message is that there is a bit more behind the growing of the grapes for the wine. The growing of the wine is part of a culture where we all get together. It is something for our children to aim to do, to better themselves and give them an interest in their lives. To sharpen up their ideas and to see what they can do. We think that Tohu Wine in the future, if we can make a success of it, and we haven’t made a success of it until we get our overseas sales through, just to show that we can do something together and bring our families with us. There will be jobs there in the future if they want to have them, our young people. There is a message, too, about kaitiaki*, guarding our land and heritage and handing it on to our young people, like the bunch of grapes I am handing to young Pakuwera.

The photo also gives the impression there that I might have been an old sage in the wine industry (but actually I am not!), and perhaps we will say that is also a marketing ploy and will appeal to marketers.

*kaitiaki (guardian of the land)
**We are there for the long haul.**

There is a special sense of guardianship now that the overseas’ wine companies are buying land. They are even buying out our wine companies. Ponder’s Estate just sold for $11 million, and selling off the land is going to go on and on and on. But there is one company that they won’t be able to buy, and that is Tohu Wines. We are there forever. And I think that goes with a lot of Maori things. **We are there for the long haul.**

Around about 1994/1995, the idea came out. Then we went into partnership with Wi Pere, who supplied the Chardonnay grapes. Gisborne was identified as being the Chardonnay area of New Zealand, so we targeted that area. The first year Wi Pere sent their grapes down here, there was a train accident, and our grapes came off the train and weren’t the best quality by the time they got down here. Chardonnay is my wife Marge’s favourite wine, and she maintains that particular year was the best we have had so far!!

... *to make a good mix for our grapes.*

Then we went into Whitehaven. We contracted them to make our wine. They bought wine from Awatere and the Marlborough plains and mixed it together, and that is how we came out with our first wine. The second year, we had trouble getting enough Awatere wine, so we thought, as we have found the perfect blend, we don’t want to run short as this may affect our wine. So we bought land in Awatere to grow grapes. We bought about 50 hectares of grapes and 30 hectares of wine from Waihopi to give us a good mix. Graham McLean is the contractor for heavy land grapes. We use heavy Waihopi land and Awatere land *to make a good mix for our grapes.*
Awatere Valley vineyards with Dr Michael Cash, Mugwi MacDonald and Sonny Beauchamp from Gisborne — ‘To make a good mix for our grapes.’

*whanau (family)*

**Tohu Wines doesn’t have many full-time people.**

Tohu Wines doesn’t have many full-time people. The only full-time people are James, perhaps our marketers, and Mary in the office. All the other services are contracted out so, when we went into buying vineyard land, we separated Tohu Wines from the vineyard. That is a marketing company and a landowning company, which is a conscious decision that we have made all the way through. That is a different company and has different Board members and Directors from the vineyard company. I think that if you have everything in one company, then you are liable for all the risk. When your land is separate from your marketing company, then your land is not really at risk.

Our aim is for 100,000 cases eventually. We will be one of the biggest wineries in New Zealand if we attain that. Tohu is fully New Zealand-owned. Fully *whanau*. And that brings other problems of, ‘Do we get our own winery, or do we contract it out?’
This decision brings a lot of other problems. We are thinking about it now, but we will cross that bridge when we come to it.

... if we want to grow bigger, we will make it a joint venture.

We have a policy that, if we want to grow bigger, we will make it a joint venture. This is my own opinion, but we will never be out of it all together. We will never be at risk so that it won’t get out of our hands. If our partners want to sell their share, they have to offer it first back to the original shareholders, and that is guarded all the way through.

We have also formed a joint venture marketing company in America with one of our customers. It has cost about a million dollars to set up, and this company markets our wine further in America. Having those people with their expertise to help us market, and we have the expertise with the land, means we both share in each other’s pockets.

One reason for joint ventures is to spread the risk. And the other is to spread the cost of capital. When we form a joint venture, there is a large capital requirement, so it does help. I suppose there is an element of luck to successful joint ventures, but there is also research and picking the right people to go into business with — people who have a good record and who we can trust.

... as far as other Maori authorities.

There is also a cultural element there as far as other Maori authorities. We have a good working relationship with a partner from Taranaki. Yes, it’s part of that, although it is true to say that what will show a good dollar at the end helps us to decide where we want to go. There has to be a good return for our shareholders. We have a policy in Wakatu that we imagine our shareholders to be looking over our shoulders at the Board table.

We communicate, and I think that is one of the secrets to good business.

We have two shareholders’ meetings a year. We have a half-yearly general meeting in Wellington, which we hold at the James Cook Hotel. All our shareholders are invited there, and they quite enjoy the surroundings. They
quite enjoy the way the meeting is run. We have our annual general meeting in Nelson. During the year, we try to send out circulars about what is going on. We are on the Internet, so people anywhere in the world can see. We communicate, and I think that is one of the secrets to good business. Our shareholders trust us because we put all the issues in front of them and nothing is kept from them. Shareholders are welcome to sit down at the table.

Our Maori culture ...

Our Maori culture it will never leave us. It is something that we are aware of. We are making a conscious decision to make all the people who work for us aware of it. All our staff are aware of it, the people who advise us, our consultants, which are quite a few, about 40–50. We had a hui last year and invited all those people. We had a day together, and they are quite aware of the cultural element of our corporation. They realise that it is just not like any other corporation, and they love it. They like to get involved. We had an office opening ceremony, and a boat ceremony, and they were all invited, and they came and they liked to be part of it, proud to be part of our Wakatu.

But at the moment, Maori people don’t own any added value.

We have a golden future. I realise that when we go to the Federation of Maori Authorities (FOMA) conferences, because all the people who go to FOMA conferences are the people who hold large areas of land, and forestry is going to be a big thing. But at the moment, Maori people don’t own any added value. They own the land, they supply the forest, which is going to be bigger when they take ownership of all their claims, but unless they get into the exporting industry, they are never going to get the full value out the land.

We made a conscious effort to get Maori here ...

We made a conscious effort to get Maori here, as in our area they control a lot of water space, mussel space. We made a conscious effort to get them to come into one with Wakatu and, at the moment, we haven’t been successful because they each want to do their own thing.
If we can manage to work together, we have a golden future.

If we can manage to work together, we have a golden future. I believe they are working together up north to try and get mussel farms off the coast near Thames. There is not enough water space in the Marlborough Sounds now for mussels. They are stopping it here, so we have had to go into the open sea. We have applications in Cook Strait for mussels right now.

These are joint ventures, not with Maori people but with other people. Deep water mussels. Yes, we have applications for 2–3,000 hectares. There is a lot of long-range planning. Because it is a new thing, deep water mussel farming is a new thing. So we have to piggyback each other’s knowledge on that one. And we have long range planning in the wine industry also. We have to get our markets right, and James is doing that. We are going ahead faster in America. Their top salesmen came out and visited our winery last year to get a feel of how we do things here.

... English market ... they take so much wine.

Well, there is so much competition for the English market because they take so much wine. But in America, they do like our Savignon Blanc. There is an established market for Sauvignon Blanc in England, but James has said it is harder to market in England than it is in America. Of course, we don’t finish there, we are trying to get into Europe. I think James is trying Holland and Canada. Of course, each country brings different problems.
I am the viticultural consultant for Tohu Wines. I am one of only two viticulturalists who have a national focus and are independent in New Zealand. I work in Australia as well because there are good opportunities for me there, and this gives me an international experience or exposure and also spreads the potential client base, which has been really useful commercially.

I blame my grandfather for my interest in wine. He drank wine, and introduced me to wine. But on a more serious note, I completed a horticultural degree at Lincoln with a focus on growing fruit crops. Then I worked for the Ministry of Agriculture and Fisheries as a research scientist for two years before moving to Oregon, where I studied for my PhD. In this programme, I focused on grape vines and the physiology of grape vines with an interest in the production of grapes for wine. After this, I had a research career for five years, and since 1994 I have operated my own consultancy business.
I was involved from the beginning in the formation of Tohu Wines, which was known as The Maori Wine Company in 1996. The brief was to evaluate Maori land holdings that could be suitable for growing grapes, with the idea that they could be networked in some form of commercial structure to grow grapes, make wine and market wine. So the initial appraisal was looking at the most feasible properties owned by Maori and the suitability of planting grapes, or some of them were already vineyards, and evaluating those for the suitability of a commercial venture wine company.

... how would you ... form an ideal wine company?

In Auckland, Ngati Porou* have property on Waiheke Island, and I started evaluating properties through to Gisborne, Hawkes Bay, the Wairarapa, Marlborough and Nelson. It was from the bottom up, looking at the land holding and driving a business from that front, and we also approached the strategy from the other direction saying, ‘With a clean sheet of paper, how would you, in today’s world, form an ideal wine company?’ Taking it from the market back and saying Gisborne fruit have some appeal, but really the focus should be on Marlborough. So the wine company started taking a colour around the marketing focus rather than solely the production-led philosophy.

We had to make sure the export market was focused.

This path had to be taken, actually. Otherwise, it would have been very production-led, and there would have been some severe limitations to what we now see as a successful development of the wine company. We would have then been trying to deal with fruit that wasn’t ideal in the way of gaining market access. The Gisborne Chardonnay is an interesting example because one of Tohu’s shareholders is the Wi Pere Trust. They are a Gisborne-based group, and they have large vineyard holdings there.

Tohu takes a very small part of their fruit production because the international market for Tohu Wine is not that receptive to Gisborne Chardonnay. Part of the business strategy was that it had to be export focused. The local wine market is quite small for the volume that was planned to be produced, so the company had to be structured to make the export market successful.

*Ngati Porou (Maori tribe from the East Coast of the North Island)
The world is awash with Chardonnay, so Gisborne Chardonnay only has a small market appeal. **We had to make sure the export market was focused.**

*They listen to the advice.*

The old theory is that you have to succeed in your own country first. It may have been the original philosophy of the shareholders that they were going to be active in the local market. One of the key elements of the success of this business is that they are very prepared to take technical advice, whether it be marketing, business structure, technical advice on growing grapes and making wine. I really applaud them in the approach that they have taken. **They listen to the advice.** And if this company doesn’t have an export focus, it would be very difficult to get it to succeed. They had that advice, considered it and adopted it. Under the guise of innovation, they are taking expert advice, allowing their experts to be innovative, but making sure they are comfortable with the direction, and then they adopt the snippets of innovation out of all their technical advisors. A classic example is Wakatu, who recently called in all their advisors for one day, just so that we all met each other. I advise into Wakatu, and the point was made that there were effectively only two paid employees of Wakatu. Their team of people who work towards operating that business are basically on a contract basis. This is a very smart approach. Keith Palmer, their CEO, is basically working with a group of consultants, and that is a big business to be operating in that format.

*... they invest in building up relationships.*

Something I noticed from the first years of working with this group is that they tended to put the relationship first and get that bedded down, from shareholders, through all layers of their business, making sure that everybody is happy with working with each other before they went into a commercial deal. The same is true with how they work with their technical advisors. If the relationship’s strong, and it is shown in the relationship I have had with them, **they invest in building up relationships.** We are all comfortable with working with each other, and we have worked together subsequently, and there is a very easy and open dialogue. So the relationship at all levels, they put first. If the relationships look like they will work, then they will test out the commercial viability as a second stage, rather than do the commercial viability and then go headlong into the venture without getting the relationship set up. Sometimes
this can be a frustration because it tends to slow the process. With Tohu, it became a hackneyed phrase, ‘putting your toe into the water’. That sort of played on the name a bit. The strategy document we prepared in 1996 had quite an aggressive growth plan, and they have basically stretched that out and put a \( \times 2 \) or \( \times 3 \) factor. They are then taking a slower path but actually getting to where the strategy document said that they wanted to go. A slower path allows time to make sure the critical relationships are in place and are delivering as promised.

The establishment process for Tohu was the Board and its consultants working together to

1. develop the strategy document
2. undertake the technical assessment of the land resource
3. define and describe the ideal wine company, its structure, size, product range, personnel, all those sort of black and white things, and
4. complete a strengths-and-weaknesses-type SWOT analysis to identify the commercial opportunities and threats.

The social policy ... and the commercial [were] separate ...

But along the process, and this is the bit I was really interested in, and it happens with any client and is not peculiar to a Maori client, it was actually understanding the framework upon how the information would be received. This is the overlay of social requirements of any business venture and how that was embedded within the commercial drive to forming these businesses for commercial opportunities, training and education, for Tohu and its shareholders. The social policy was one area, and the commercial was separate, so that the margins were not blurred. Every person I met was keen to actually make sure I knew the decision framework or the environment in which these various groups would be making decisions. The Ngati Porou were an interesting example, a very conservative landowning group. I have already mentioned that, with the Maori Wine Group, they stretched out the agreed strategy by a \( \times 2 \) factor. I think Ngati Porou, through my brief experience with them, have a \( \times 5 \) in there. Much slower adopters, especially when it comes to cash commitments. If you have to put expensive improvements on a piece of land like a vineyard compared to running sheep, they are very slow to spend the money. I am not critical of that. It is just an observation. So, for the Maori
Wine Company, what the process established was that there were probably seven potential players for a shareholding in the Maori Wine Company, which was fined down to three.

The criteria for these three appeared to be:

1. They could see the opportunity.
2. They had cash resources to invest in a start-up wine company, which involved heavy cash requirements up front.
3. They saw the investment as long term.

... long-term investment ... is so well fitted to a wine investment business.

That was a phrase that came through loud and clear. They were not short-term investors. They knew and were told that this is a long-term investment and were not making an investment for a short-term gain. This attitude is so well fitted to a wine investment business. It is a long-term investment. So the group, the three shareholders, are very comfortable with that. They probably don’t like every year having to dip into their pocket again for the next growth phase, but they keep reviewing on a regular basis and draw a line at particular times and say, ‘OK we are here now. This is what our planned growth was. Are we still up to that, or are we going to slow it down or speed it up?’.

Perhaps the planning side could be more detailed. I deal with some very serious commercial corporate clients as well, and their planning goes into much more detail than what I have experienced with this group. So long as the picture is painted and everyone is happy with what they see, they are not worried about too much detail around it. As long as the global picture is right, and they are comfortable about being in that picture, they keep endorsing every step of it along the way.

... trust in the people who are advising, trust in the people who are working within the business ...

I have just experienced it this week with another client. Just the infinite detail, just for a land purchase, compared to what I have experienced with Tohu Wines, and again it comes back to this relationship concept. They have invested in building up these relationships so they have got trust, trust in the people who
are advising, trust in the people who are working within the business, and so once that is built to a point, it takes a lot to erode that. So while that trust is still healthy, they will keep investing in that business and its growth and its plan.

... they are not short-term landowners ...

I also helped with the evaluation of the Awatere Valley property that was bought by the shareholders of Tohu Wines, and I am confident that it will be a very good vineyard. It is interesting that a lot of locals treat it as a bold venture and pioneering, but it has actually turned around the attitude. In fact, the change of attitude was brought about by the doubling of the land value in that property within the settlement period of putting a contract on it to actually settling. So none of the shareholders are regretting the move because the book value of their asset has doubled. But that is not why they invested, as they are not short-term landowners, but it does give them a bit of reassurance.

Awatere Valley before planting of the grapes
Every vineyard has some unique characters about it. The wine industry is one of the few products that actually captures the unique qualities of vineyards. So if you go to the supermarket anywhere in New Zealand and buy an apple, until recently, you couldn’t tell whether it was a Nelson apple or a Hawke’s Bay apple. It was just a commodity on the shelf. With a wine product, it is clearly identified as having a unique source, and the vineyard is that. So the fingerprint or thumbprint of that fruit from that vineyard will be unique. What I like about the package that we have within Tohu Wines is that they heavily emphasise the linkage to the land, being the custodians of the land, a gift from the land. The name embodies all that. It is so fitting with the wine product. That is what you are saying. Tohu’s wine is different from everyone else’s on the shelf because nobody has fruit from Tohu’s vineyard. It is unique. This has been embraced by Tohu in the way that they have developed their brand.
making is the other corner or point, and the wine marketing is the third point.

I tend to have an input on the total business strategy, but I treat the wine business as a triangle with three points to it. The two base points of the triangle have in one corner the grape growing. The wine making is the other corner or point, and the wine marketing is the third point. These are the elements of the business, the commercial elements, the key driving elements of the business. Largely, I tend to treat it as an equilateral triangle — an equal sided triangle. So you can’t have a successful business without resourcing those three points equally. Intriguingly, though, if the fruit quality isn’t up to scratch, you may as well forget about your wine making and your wine marketing, so you might want to tip your triangle, with the top point being the grape growing. Unless you have reasonable fruit quality, you may as well forget about making wine out of it or trying to market it. So those three elements need to be catered for or resourced for equally. We do need that fruit to be grown successfully from a cost point of view, but more importantly from a quality point of view. I believe the vineyard resources that Tohu own or are sourcing fruit from will achieve that for them.

Looking south of the vineyards in the Awatere Valley — ‘Working with the environment is important.’
... working with the environment is important.

The quality Tohu is achieving derives from the land, and they are developing some good management strategies, too. They keep listening to me on this, and I thank them for that! I am relatively traditional in my approach to growing grapes, which again rests very well with them. They are not into mutilating the environment to achieve their goal, so working with the environment is important. It is around this custodial concept of the land. So it is minimal input and allowing the vines to truly express the site. We don’t load them up with a lot of fertiliser or a lot of irrigation. We are working to complement what is already there. I have a green vein and know we have to work with sustainability of the property. Our inputs should not be something that is going to be accumulating and likely to cause the third or next generation of the original owners of this property some grief. So Tohu does not put toxic substances in the environment, because these will cause long-term problems. They are not totally organic, but we are at that end of the spectrum. The Directors of Tohu are very keen on that. In fact, I have witnessed that some have instructed their managers of the vineyards, if there is a choice of a fungicide to protect the vines, one that is more expensive but better for the environment compared to the alternative, and both achieve good effective control, opt for the environmentally soft or preferred option. They articulate that preference, and I am very comfortable with that.

For good or successful vineyard performance, you need the right property, the right vineyard layout and setup that will take advantage of the property, and then the general management of the vines to allow the next layer of expression. For Tohu, it is relatively simple structures, between my global advice and Jeremy Hyland, who does more on the day-to-day management of the vineyard blocks, and we work very closely together and have achieved a very compatible format. It is all embodied in the vineyard management philosophy and gaining common agreement of this.

One of the properties planted has produced a small quantity of fruit, but the other has only been planted recently, so we have yet to see full expression. The vine growth establishment has been very satisfactory. It is looking good, and you can project out from neighbouring vineyards and see if we are still on track.
... his commitment is phenomenal for this group.

Probably the greatest limitation or the handicap for Tohu, and this doesn’t fit with the total indigenous package, is that the fruit supply has been heavily reliant on one contract grower with no ownership in the vineyard from any of the shareholders in the wine company. I believe that this breaks down one of the integrity points of the wine company, that of its indigenous link. But that was part of the phase of testing the business, not overexposing themselves with investment, so I understood the reason for the decision. The wine company works quite closely with the grape grower. He has been one of the more conventional growers and to actually get him to change his management style has been another slow path, but he has come around to our way of thinking. But more importantly, his commitment is phenomenal for this group. He offered a small part of his vineyard and, within a year, he has said, ‘You can have all the grapes grown on my property,’ and he is quite a significant grower. He has now relinquished all other contracts with other wine companies and is with Tohu exclusively. He has bought another property and is planting that with grapes, and he is wanting Tohu to be the purchaser of that fruit.

‘Don’t make it unique, make it stunning!’

Then came the contract wine making with Simon. Previously, we have had another winemaker providing global advice to inspire development because we want this product to be unique. James Wheeler’s phrase is ‘stunning’. ‘Don’t make it unique, make it stunning!’ So it wants to be recognised as a particular style, and they have achieved that. The fruit has been solely sourced from one vineyard, and it has a unique character. Intriguingly, of the Sauvignon Blanc fruit supply that they receive from all their clients in the contract winery, Tohu’s Sauvignon Blanc was the number one blend for this last vintage. So a unique character is showing through, which is great for James and the marketing team, because he wants to be able to stand in the various wine shows that he has got a huge amount of energy for, so that potential buyers, marketing, distributors, agents, whatever, come to his stand and say, ‘That is the best wine I have tasted all day.’ The first comment James will often say when he comes back will be a reflection on one of those experiences in his trip. ‘When I was in Canada, my wine was rated the best.’ That is what he wants, and he needs to be able to stand out above the 300 other wineries that might be on show.
The market is huge. The world has had an oversupply of wine for a long, long time. So most people would say, ‘Why enter the wine industry? You have an over-supply situation.’ But we are niche players. Within that niche you also want points of difference. So that is where Tohu Wines is. The product has to deliver and satisfy but also, once these other angles are covered, the indigenous link is one that nobody else can take as their platform in the market, and it appears to be gaining them quite a bit of interest in the offshore marketing.

... the indigenous component being part of the personality and the brand.

I lived in North America in Oregon for four years and found that native Americans were not that visible in society up there. Historically, the American government put a lot of energy into herding them up and allocating them the most distant parts of any of the states, and hardly anyone knew they existed. Cultural sensitivity is much slower than here. But slowly there is becoming an awareness of the importance of having these cultural links to the original inhabitants of the land. That indigenous link is capturing people’s interest. The timing is good.

The wine market is always looking for angles, so if I am out there marketing wine in the United States market, I am going to a restaurateur or a wine retailer and saying, ‘You should try this New Zealand wine.’ They will say, ‘But I have seen a hundred others. Why should I try this one?’ I can say, ‘This one is different,’ and then say why, and it is capturing their interest.

With wine product, personality is one of the key aspects. The brand has to have personality. A lot of the big companies that buy up small wine companies suffer because they tend to buy the small company and the original owners, who will tend to be family operators, leave. Ma, Pa, daughter, son, are no longer there. There is no personality there. The wine buyer can’t personally talk about Bob who used to be the winemaker because he has gone and is now part of a bigger corporate, so here we are talking about the indigenous component being part of the personality and the brand.

The key next steps for the brand is actually ensuring that there is a real home for the brand back here in New Zealand, and the recent land purchases are being a key to that. James, when he has any of his international agents or distributors visit, can take them to the home of the wine, to the wine out of the vineyards, and it has given so much more credibility to the brand. The next step is the winery, and that will come as maybe an extension of the relationship they have with Whitehaven, their contract winery, and growing that relationship to
get more exclusive access to that facility or going alone in the future. That is another step.

**The challenges are really managing the growth.**

Really, the main aspect of the next five-year period is growth and seeing their volume grow from roughly 25,000 to 100,000 cases in a five-year period. So that is a big challenge, dealing with that. It is a really rapid growth phase, growing the market, and with a product like Sauvignon Blanc, which has basically a twelve-month marketing period. Most other wine products have an indefinite marketing period because the general concept is that wine improves with age. Sauvignon Blanc is being sold as fresh, vibrant flavours, not necessarily rewarding the cellaring or ageing of the wine. With a rapid growth, if it doesn’t go quite to plan, we will just stretch our marketing period from 12 to 18 months. Then you will start seeing the appeal of the wine, particularly Sauvignon Blanc, dropping off, if we were seeing it starting to age on the shelf. So the challenge is actually seeing their market expanding at the same rate as their production volume.

Fortunately Tohu have actually put huge investment in James’s time offshore. It hasn’t been a straight-forward path for them. They have actually pushed up against some tough limitations in backing particular agents and distributors that haven’t delivered. Relationship development is the key. Long term it is getting the marketing side with relationships in the market with agents and distributors. To the point they are considering a range of options with their United States distributor. This again is all involved around the relationship concept, and obtaining market volumes to meet their projections. That is a real challenge for them and I think once that starts appearing to be on track other capital investments will flow, for example, a winery.

**The challenges are really managing the growth.** We have the vineyard resource underway, and we know the volume of fruit that will be produced and then the volume of wine, and we have this narrow window to sell the bulk of the wine within 12 months. When our marketing capacity drifts behind our production capacity, that is the challenge. At the moment, the indications are the opposite. James Wheeler is ‘chafing at the bit’ for us to get the volume. As far as he was concerned, we were below his market expectations, and may that continue! But once a comfort zone is achieved in managing that growth or dealing with it in marketing and turning it into dollars in their bank account, the next stage of investment is in the infrastructure and winery, which will be reviewed by the Board. Tohu already owns some componentry of a winery,
tanks, barrels, but they don’t own the other physical aspects. I predict they will move into that phase.

... parallel development of commercial and social.

I think another phase which I mentioned is the parallel development of commercial and social. Right back in Joe Stafford’s (the original manager of the Maori Wine Group) day, I kept hearing about the employment opportunities this business could create for family members of the Maori shareholders or their offspring to come through as winemakers, or grape growers. Intriguingly, my expectation prior to entering this project would be that there would be heavy emphasis on employing Maori at every turn. So I had to quickly check my lineage to see if there was any Maori link, but I couldn’t find any — the brown eyes gets me partway, but that was as far as I could get!! To think that my tenure might be very short once that was discovered, but no, they will take the best person available for the job. They are quite happy to foster, either through training or scholarships, and making sure that there are opportunities for anyone who shows that they could actually be at the level that they want for the job. They are keen to employ a Maori person to do the job. James has employed a new marketing person in the business, and if a Maori candidate had come along with the suitable qualifications and capabilities, they would have been employed, but it was an equal opportunity. I personally would like to see more Maori working within the business.

Consumers of Pinot Noir tend to be very picky! They are the most discerning sector of the wine market.

The whole industry is seeing a real opportunity for Pinot Noir. It is a more demanding sector of the market. The volume of Pinot Noir that is traded internationally is quite small. It is the most challenging variety to grow and make wines with commercial appeal. There is every indication that the New Zealand climate, over a number of regions, is very suitable for growing successful Pinot Noir without as much effort as in some other regions of the world. We are going to take this to the world and say, ‘Here is a very good Pinot Noir.’ But there is a high risk that the market will say that it is not good enough. Consumers of Pinot Noir tend to be very picky! They are the most discerning sector of the wine market. So if it is not up to scratch, they will knock us back.
I see a move towards Pinot Noir for wine drinkers now. It is softer on the system for people who have indigestion or digestive problems, as they can tolerate Pinot Noir, whereas a heavy red they struggle with. So I am hoping to see a growth in the Pinot Noir consumer public that will help us with that.

**Wine is a very traditional product.**

Wine is a very traditional product. The varieties and styles are over hundreds of years old. So the changes that occur are slower than we see with other products, for example, apples. Who eats a Granny Smith now? It has changed. We used to only eat Granny Smith; now it is Braeburn, Fuji, Pink Lady, Pacific Rose, it has moved through so quickly. Whereas we were drinking New Zealand sherry a few years ago, but the traditional bottle products have stayed, there is not a big shift. There is a concern that, as we are the leaders in Sauvignon Blanc, the rest of the world is starting to mirror our style, so that the pack is catching up. Pinot Noir is the next wave, and most wine markets require a balance in the portfolio of white and red, so it is very difficult to go to the market just with the Sauvignon Blanc. They will be asking, ‘What is your red wine?’ , so it is good to have some balance. Pinot Noir is a very good balance for the Sauvignon Blanc product.

**We are seeing people converting from other beverages to wine.**

The traditional products coming out of Europe, say, France and Italy, have suffered. To their detriment, they have locked in their traditional styles by various regulations. They are waking up very quickly to the fact that they will have to adapt their styles to a consuming public now that doesn’t store wine. The rough rule now is that 99 per cent of all wine purchased is consumed within an hour. It is not cellared, whereas the traditional products of Europe tend to be for cellaring, rewarding their storage. Because of the success of places like Australia, where they are fruit driven, really approachable wines are taking big market share. The European suppliers are now having to realign their product in the same way. So the market is changing. We are seeing people converting from other beverages to wine. We are waiting for the Chinese to drink more wine than they are. Unfortunately, they have a metabolic deficiency that doesn’t enable them to consume lots of alcohol. So they are not going to be big consumers of wine, but it is changing.
Maori have always been into that.

You hear businesses these days talk about their three bottom lines: profit, social and environmental. Maori have always been into that. The commercial profit is probably the third thing they thought about, whereas now, all the standards of commerce say everything about the other two. The Australians are now bleating about this triple bottom line, which we have always thought of. They think they are very smart and have come up with a new idea. It has been inherent in a Maori business sense forever!

... a spiritual presence there that day ...

I recall the blessing of the Awatere property. The land had been secured, the vineyard had the first vines to be planted, and it was the final grounding of the business with land ownership. That coincided with the American distributors visiting the country, and it brought the whole venture to a focus. The layers, the hangi, the whole anticipation of this day; but one of the most moving aspects of that event was the kapa haka party who performed on the edge of the cliff, which has about a 70m drop to the Awatere River. It was a group of only about eight performers and, if you can visualise, it is a broad valley and normally, if you try and sing in a loud voice, it usually just dissipates forever, but for some reason the amplification occurred by being on that cliff edge with a wind blowing. It was so moving, and to see the effect on the Americans who this was totally foreign to, they were really blown away by this experience. But also it really touched both Pakeha and Maori at that event. One of the intriguing things, across the valley there is a road, and one of the cars up there stopped. It caught their eye, they stopped and had the window down, and they could hear it all away across the valley as well. The spiritual aspects I don’t get too involved in, but there was certainly a spiritual presence there that day, and if that can be portrayed through this whole development, it will be a special business. And it certainly wasn’t lost on James. Paul Morgan and everyone spoke about how moving that event was. It was handled in quite a traditional but a very welcoming way; the welcome onto the site, the Maori people who understood that were a minority on the day, so they were basically educating a lot of outside people on those cultural aspects. Barney, one of the shareholder representatives, handles a lot of this within DOC, a bicultural person. He was on the bus, and he helped the Americans and explained the various steps they would be going through and handled it in a very good educational but quite light-hearted manner, so that the entertainment value wasn’t lost. People had a wonderful time up there.
I started as a graduate at Canterbury University, where I completed a Botany degree. I found later on during the course of my degree I was augmenting my income with work between lectures and at weekends working at bottle stores. At that stage I started to get an interest in wine because it was available to me at pretty good prices and in a range of imported and local wines, so I got a taste for wine. This was back in the late 70s, and I decided after I had finished my degree that maybe the wine industry might be worth getting into. At that stage, there were very few winemakers in New Zealand, let alone trained winemakers. Most winemakers were traditional family winemakers, like the Corbans with their Lebanese origins, or the many Dalmatian families up north, and only half a dozen or so winemakers with formal training. It was quite an unusual departure from what I had been doing, but I liked the idea of it. So before I went and studied winemaking, I spent two years labouring as a cellarhand in wineries — one year in Barossa Valley in South Australia, and then I had one year in the Waikato at Te Kauwhata, south of Auckland. I enjoyed that experience so much that I decided to do some post graduate
winemaking studies. These were completed in 1985, and since then I have been employed as a winemaker in the New Zealand industry. It was basically a total moodswing from where I was heading. At that stage I was looking at getting into studies in seaweed and studying the potential for seaweed farming, but it was a very embryonic idea at the time. All of a sudden the wine industry looked pretty exciting as a choice. So I got into the trade by accident, I guess, but I have enjoyed it ever since. Since leaving Canterbury, I have either been in the Barossa Valley or Te Kauwhata or in Gisborne where I spent a substantial period of time making wine for Corbans Wines before coming down to Whitehaven here. I enjoyed all of this experience.

*It is a very exciting brand.*

I have been making wines for Tohu since they started, which was about 1997. I am now winemaker for all of Tohu’s wines. I have an assistant, Sam Smail, who helps me here. All the wines are made at the Whitehaven Winery and, at the moment, Tohu are making Savignon Blanc, which is all Marlborough grown from the Wairau and Awatere Valleys. We are also making Pinot Noir from Marlborough and have fruit arriving from the Wi Pere Trust in Gisborne to make into Chardonnay on site here in Marlborough as well. That fruit arrives both as whole grapes and as juice after being processed into the juice stage at a processing plant in Gisborne and sent to us to ferment in barrels and tanks here.

It has certainly been great to have involvement in a brand from the ground up, and I have been involved with this project since before it started in a sense. It is a great project to be involved with the atmospherics that are involved in it but also the Maori culture around it, and also to see the branding potential that that brings. *It is a very exciting brand.*

*... Maori emphasis and culture ... to give it a turbo-charge in the marketplace.*

I think it has huge marketing potential, particularly in the North American market, where the Maori association will set it apart from all the other New Zealand wines and Marlborough wines that are being marketed. At the same time, the brand will carry forward all the advantages of being a Marlborough or Gisborne wine, seen as a high quality wine with a top note with Maori emphasis and culture that can be put behind the brand, to give it a turbo-charge in the marketplace. So I think it has a distinct advantage over its rivals in the North American market, where I think it will go very well.
I think the wine style is suited to both the American and United Kingdom markets. Maybe the imagery associated with Tohu and the cultural background to it is probably more appealing to North Americans. It strikes more chords in the marketplace. The English market is more mercenary in all regards as a very mature wine buying market, with a lot of hard-nosed traders in the wine trade. It is harder to come from a flat-base and make big inroads into the British market. The American market was just opening up as Tohu were launching into it. The Sauvignon market and Tohu’s production were coincidental and heading forward at about the same time, so the market is only just becoming really interested in Marlborough Sauvignon. Our Sauvignon and New Zealand Pinot Noir are there at the right time.

In the American market there is a huge amount of Chardonnay and not a lot of Sauvignon Blanc, but fortunately the people who do consume Sauvignon Blanc are now starting to realise that the Sauvignon Blanc grown in Marlborough is the best they can get. So although it is a small percentage of the overall wine consumption, the percentage of that variety which is from Marlborough is very high. It is becoming an increasingly very popular style.

**We just want to be amongst the very best ...**

It is not a real imperative to make a Sauvignon wine substantially different from everybody else’s. We are focusing on getting the right fruit in the vineyards and sourcing fruit as we go forward from various regions around the Marlborough area to give us a complexity and a fullness in style. Most people in the world know what to expect when they are asking for a Marlborough Sauvignon Blanc. We are certainly not going to do anything different which is going to take out our style out of the mainstream. **We just want to be amongst the very best** in that general style. So it is a matter of really tuning it and trying to be excellent at that style, rather than creating something that is left field, which might confuse the market.

With wines like Pinot Noir, we have a bit more latitude to move.
Pinot Noir allows a winemaker more room to stamp his style on it, whereas with Sauvignon Blanc, you really have a style established. Sauvignon Blanc is a wine that is driven by the fruit quality and the grape flavours, and all you are really doing is trying to preserve and enhance those. With Pinot Noir, you can add a lot of flavours and characters that come from the winemaking, not entirely from the fruit itself, so it is a combination of the very ripe fruit and the winemaker’s own style preferences, the way he or she handles it. It all starts off with how the vineyards are pruned, and I have a lot of help from Tohu’s viticultural consultant, Dr David Jordan, and my viticulturalist Jeremy Hyland. We set up an ideal vineyard configuration, vine training and husbandry, and prune to the balance we want on the Pinot Noir vines. We manage the canopies. We manage the crop load on the vines to get the ripest, highest quality fruit that we can, then hand harvest the fruit, bringing it to the winery to process. In the winery we can play with things like the amount of new oak that is going in our barrels, where the oak is coming from, what forest type in France it is coming from and what char level the wood has on it, what the temperature of the ferment is and how long the wine stays in contact with the skins before or after fermentation. There are all sorts of variables that allow us to take very good fruit and create a house style that we are happy with and that we think would do well in the marketplace.

The potential is enormous.

We are very pleased with our results so far. We are trying to create a wine that suits our markets. We are finding, as we go on, that in the past where we thought the United Kingdom, United States, and the New Zealand markets might be slightly different in their preferences, that what we are finding is that, as the United States market gets more accustomed to Marlborough fruit in general, their preferences are falling into line with what we see as successful in New Zealand and the United Kingdom. So it is a case of just carrying on with the house style that we like.

We are getting very good feedback from the export markets. This feedback comes through the distribution chains, it is sent back through the sales scene. The wine leaves New Zealand for the United States, for example. It is taken in by the importer there, who then channels the wine through various wholesalers around the country. Those wholesalers will then distribute the wine through to the restaurants and retail outlets. The salespeople at that level are always
collecting feedback on their customers and conveying that via the distributor back ultimately to James Wheeler. On top of that consumer feedback, there is always the industry tastings, with various wine media, professional columnists who discuss wine. Then there are the results that we get from entering into various wine competitions. The feedback has all been very good so far. I can’t recall any negative feedback at all. It has all been glowingly positive, and up until now the market cannot get enough of what we are making. So things are very good. **The potential is enormous.**

*Whitehaven Winery, where the Tohu Wines are made by Simon Waghorn — ‘The potential is enormous.’*
I found a very good future in the wine industry here ...

Originally I am from China, where I was involved in research work at the Fuchuang Agriculture University. There I attained a degree in horticulture, and I also have a post graduate diploma in Microbiology and a Masters degree in Biochemistry. After I came to New Zealand I took a one-year course in winemaking at Tairawhiti Polytechnic.

I have been in this business for seven years in New Zealand. My background was related to horticulture mainly and food fermentation of that industry in China. When I came to New Zealand, I found a very good future in the wine industry here and I am now in my third season on this farm.

I mainly manage the vineyard and grow grapes here for Tohu Wines, which have to be of the highest quality.
Another Wi Pere Trust farm in Gisborne called Te Tipu* where the Tohu Wines grapes are grown

We focus on our quality.

From the site selection, pruning, right to the management and harvesting, everything is different from normal practice. **We focus on our quality.** As you can see, I have my magnifying glass to look at the vines to see if there are any pests that could ruin the vine. It is actually mealy bugs* that I am looking for, as this could affect the taste of the grapes and the final product. This bug leaves a sooty mould and spreads viruses, and I have to determine whether to spray the crop or not, and I would prefer not to if it is unnecessary. Grape growing requires the best understanding of nature and the use of modern technology.

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*Te Tipu (to grow bigger, put out new growth)
*mealy bugs (Mealy bugs feed on plant juices, and heavy infestations may seriously weaken the host plant. The more usual form of damage is disfiguration of leaves and fruit, caused by the excess wax produced during reproduction and by the honeydew that is secreted by the mealy bugs. Sometimes a black, sooty mould grows on this honeydew, further disfiguring the host plant.)
Henry Landelli with Dexin Huang. ‘We focus on quality.’ Grapes grown for Tohu Wines in Gisborne.
Wine Expert, Warren Barton talks about Tohu Wines

The partners in New Zealand’s only major Maori winemaking venture had plenty of reason for self-congratulation when they met in Wellington this week to review the progress of Tohu Wines and chart its continued expansion.

The company, formed in 1988 by the Nelson-based Wakatu Incorporation, the Ngati Rarua Atiawa (Nelson/Marlborough) Iwi Trust and the Wi Pere Trust, of Gisborne, is one of the industry’s most recent success stories, growing production from 3,500 cases in 1998 to 28,000 this year and selling 95 per cent of it overseas.

The aim, according to Chief Executive James Wheeler, is to produce 100,000 cases a year by 2006 and, after that, who knows?

Mr Wheeler was a human resources manager for South Pacific Tyres in the Hutt Valley when the Wakatu Incorporation Board, of which he is a member, decided in the mid-90s to investigate winemaking as a business and as a means of exporting the Maori culture.

It fitted perfectly with the Incorporation’s other interests, which include paua and crayfishing, horticulture and forestry, as well as those of the trusts it approached to become partners. The Wi Pere Trust has substantial vineyard holdings and the Ngati Rarua Atiawa Iwi Trust is involved in horticulture.

In 1998, Tohu Wines commissioned Simon Waghorn, of Whitehaven in Blenheim, to produce from contract-grown fruit the first of what it calls ‘our gift from the land’ (nga hua a te whenua) and dressed the bottles with labels featuring a distinctive Maori motif.

The presentation and the wine was an instant hit when Mr Wheeler made his first visit to the United States and Britain in 1999 and, with the help of Trade New Zealand, the interest continues to grow.

Tohu now has its own importing company in Britain and 13 distributors throughout Europe and by the end of the year will have 72 hectares of vineyard planted in the Awatere Valley, 16 hectares in the Waihopi Valley and contract growers in Blenheim and Gisborne.
Much of Tohu’s success is attributed by Mr Wheeler to its point of difference — the Maori connection — which goes down particularly well overseas, as does the wine, which continues to be made by Simon Waghorn and each year finds its way on to more bottleshop shelves in New Zealand.

The latest releases include a particularly ripe, crisp 2002 Marlborough Sauvignon Blanc that is great buying at just $16 a bottle; a medium-weighted, fruit-driven 2001 Marlborough Pinot Noir, pictured, that’s also good buying at $22; a drink-now $16 2001 Gisborne Chardonnay; and a richer, rounder, more complex 2000 Reserve Chardonnay from Gisborne that costs $25. Tohu is also planning to introduce an unoaked Chardonnay.
In our first two monographs, studies of Maori funeral directors and of the Waananga-O-Aotearoa, we explored the distinctive difficulties of bicultural (Kaupapa Maori) research as pursued in a monocultural business environment. In our research, or as we prefer to call it, inquiry process, we have used models and tools which we have partly adapted, partly devised, and partly ‘found’. One result of our early inquiries was to confirm the validity of our initial recognition that Maori entrepreneurs operating in a business environment which assumes a universally valid business model (the business model/ethic) were found to ‘break boundaries’. (Hence our inquiry title ‘Breaking Boundaries’.) As the dramatic stories of the funeral directors unfolded, outlining the initial attempts to keep them ‘outside’ the industry, by refusing them training opportunities, even embalming supplies, it became clear that they were operating in an unfair, probably unethical business environment. These findings drove us to explore other research methodologies (usually called ‘critical’) which recognised concepts such as power and did not assume (as most methodologies do) that we are all operating in the same frame or field (playing by the same rules). For this reason our inquiry, while still maintaining its original methodology of ‘narrative inquiry’, or gathering the stories ‘from within’, sought to underpin it with an additional ethical layer of inquiry, that of critical systems inquiry. This critical layer reinforces the ‘theory-making’ to the ‘questioned’ (the knowledge-carriers) so that it is the knowledge-carriers’ understandings (not those of outside observers) that lie at the heart of the inquiry.

The Critical and Cultural Consciousness model

This research story will focus on the development of what might be called a system of critical and cultural consciousness (Bishop 1999), which we suggest is the fundamental inquiry process for any examination of bicultural issues. Our assumption has been that, to be bicultural, an inquiry process must be able to survive a double audit. Both Treaty partners must recognise the validity of the inquiry findings, even if they do not ‘agree’ with them. They must be ready to use them as a basis for bicultural dialogue. For this reason we proposed an approach we termed cultural triangulation in which a Maori critical systems model might be used as the principal inquiry tool and a Western critical system to ‘audit’ the process or vice versa. (Taurima and Cash, 2000). This triangulation critique was made possible because we discovered, in Russell Bishop’s ‘Model of Critical and Cultural Consciousness’ (1999), an indigenous critical systems model of great power and penetration. Effectively, in our second study we used...
Bishop’s model together with that of Swiss systems thinker, Werner Ulrich’s ‘Critical Systems Heuristics’ — the ‘double audit’. The purpose of both these systems is to uncover the basic power assumptions of quite different, often conflicting, ‘systems in use’. In this research story, that of our inquiry into Tohu Wines, we are trying to extend our approach by sweeping in one other Maori-centred approach. We also attempt to collapse the triangulation process by developing a single robust bicultural inquiry tool we call *The Twelve Critical Questions*.

**The supporting theories**

The first source of The Twelve Critical Questions is Russell Bishop’s ‘Model of Critical and Cultural Consciousness’ (Bishop 1999). Bishop’s work was originally designed for those working in the area of Maori research, although we have extended it to those operating a Maori-oriented business. Bishop’s model suggests that to be ‘critical’ in the contemporary and academic sense of this word, entrepreneurs must understand the assumptions on which they are working and those of the system in which they are working. The strength of Bishop’s model is that he has aligned Western critical theory with the concept of cultural consciousness, in the realisation that, in the above cases at least, critical awareness is based on cultural awareness.

Bishop’s model centres on five key questions to be asked by those undertaking a bicultural enterprise:

1. Who initiates the project?
2. Who will benefit from it?
3. Whose reality does it represent?
4. Who authorises the results?
5. Who are those involved accountable to?

The questions alert the questioned to the implications of working out of a different ‘world view’, and in particular, the non-validity of evaluating a culturally-oriented project in terms of another (usually dominant) ‘world view’. Bishop’s key questions have been incorporated into the Twelve Critical Questions to ensure that the questioned confront the central cultural issues and develop their own theory about them.
The second body of theory incorporated into the Twelve Critical Questions is Mason Durie’s ‘Six Guiding Principles’ for a Maori-cultural business. In a presentation to Maunga Tu Maunga Ora held at Hawera in March 2002, Economic Summit 2002, Mason Durie, Professor of Maori Studies at Massey University, outlined Six Principles of a Maori Business from the perspective of Maori Development. Durie asks the interesting question: Can a Maori business be distinguished from any other business? He acknowledges that several criteria are being currently used to decide this question:

- Maori operate the business (but really no other differences)
- Maori own the business
- A Maori style of governance and management
- Employs Maori staff
- Focus on Kaupapa Maori.

Durie proposed an alternative over-arching criterion — the business’s **contribution to Maori development**.

Does it return dividends to Maori, either through profits or services, does it affirm a Maori cultural identity; does it create employment for Maori, does it create Maori wealth in economic terms or in terms of human capital?

(Durie, 2000: 5–6).

Durie gives six outcomes that would identify a Maori business, when viewed from this perspective.

A Maori business:

1. makes a substantial focused contribution to Maori development
2. is part of a Maori network, whether it be with hapu or roopu or community
3. adopts Maori values in both governance and management
4. is geared to Maori realities and recognises Maori diversity
5. creates choice for Maori consumers
6. implicitly adopts principles and goals that give shape to a Maori business ethic.

(Durie, 2002: 6).
Durie acknowledges that there is not an exhaustive set of principles for such a business and that these businesses cannot ignore established global commercial principles. Explicitly, he recognises that for such business to be effective, it must operate in a bicultural way. However he also offers the iwi Six Guiding Principles which he feels have gained ‘a measure of agreement.’

These he calls:

1. The Principle of Agreement — Tuhono
2. The Principle of Transparency — Purotu
3. The Principle of Balanced Motives — Whakaritanga
4. The Principle of Integrated Goals — Paiheitia
5. The Principle of Best Outcomes — Puawaitanga

The Tuhono principle of alignment suggests that a Maori-centred business will be aligned with Maori aspirations and will involve substantial consultation with other Maori.

The Principle of Transparency, Purotu, suggests that Maori business will be responsible not only to its funders but also to the wider Maori community who are its stakeholders.

The Principle of Balanced Motives, Whakaritanga, acknowledges that, beyond the profit motive, there are other culturally based motives such as the heritage motive (for land- and sea-based industries), as well as social and political motives that must be balanced through wise governance.

The Principle of Integrated Goals, Paiheitia, outlines the need for good management to manage the range of diverse goals even when there is an element of conflict between them. It rejects the single over-arching goal and the single measure of the accounting ‘bottom line’.

The Principle of Best Outcomes, Puawaitanga, suggests that the ‘best possible return’ for shareholders and beneficiaries must take into consideration the wider social, cultural and even broader economic perspective by endorsing the use of multiple measures.
The Principle of Alliance, Kotahitanga, encourages Maori to foster a spirit of cooperation rather than of competitive isolation and fragmentation of effort, to consider the benefits of economies of scale through alliances and joint ventures, leading to greater product range, better employment, higher levels of capital investment and the opportunity to capture niche markets.

Finally, Mason Durie presents a framework by which a Maori-centred business can gauge how it measures up as incorporating a ‘Maori Business Ethic’. One dimension relates to goals — Economic, Social, Cultural (the goals for Maori advancement). The other evaluates the six guiding principles in practice in a given Maori-centred business/organisation.

**Goals for Maori advancement**

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A Maori Business Ethic

Durie questions the idea that Maori must adapt to the ‘conventional business environment’, and argues instead for Maori to adapt the general business model to ‘reflect the Maori position rather than confusing the Maori position.’ (2002: 10).

Durie’s work is clearly a substantial contribution to developing a realistic model of Maori enterprises. The Guiding Principles ground the concept of what he calls a ‘Maori-centred’ business in Maori development concepts. The ethical framework enables Maori enterprises to ‘map’ strategically where they stand currently and where they might wish to go. Both also provide bicultural researchers with useful tools for the co-exploration of bicultural ventures. Finally, Durie’s work challenges the ‘standard business model/ethic’ at a time when the ‘single bottom-line measure’ is being questioned and new approaches such as the triple bottom line are being increasingly favoured. In its range, it presents an ethic (‘Maori advancement’) which appears, developmentally
speaking, clearly superior to current ‘policies-in-use’ in this country. As such, it deserves special attention. In our case, we saw this work after developing the Critical Questions. We recognised that five of the six principles were already incorporated in our model. The sixth, Kotahitanga, or alliances, we have now incorporated in the model. We are grateful to Mason Durie for allowing us to make use of his work.

The third source of Critical Questions was Werner Ulrich’s Critical Systems Heuristics (Ulrich, 1994). Ulrich has taken the ethical basis of the work of the great early systems thinker, C. West Churchman, and used it to explore the **power basis** of systems-in-use. The insight here, one that relates well to the experience of Maori entrepreneurs in our research findings, is that the agenda (management, organisational, professional, political or social) is set by those in power — the experts, the planners, the system’s ‘owners’. Ulrich is particularly interested in the way such systems create **boundaries**, even hidden in boundaries that cannot be breached by those defined as outside the system. These boundaries effectively cut off those outside the official or planned system (whom he calls the ‘affected’) from the planners. Responses from our earlier researchers that show how Maori entrepreneurs feel themselves to be outside the official system, like the Maori funeral directors who were cut off from their professional body after it took a lawsuit against them, and the Waananga tutors who were aggrieved because mainstream universities could claim the title of ‘waananga’, but did not allow them to use the title ‘university’.

Ulrich also uses twelve critical questions of which four are paramount:

1. **Why do it?**
2. **Who does it?**
3. **Who plans it?**
4. **Who is left out of it?**

These four critical questions alert the questioned to the problems associated with those **left out of the system**. These four are incorporated in the Twelve Critical Questions, becoming, in effect, a bicultural audit of the questions aligned with the more distinctively Maori theory.
**The Twelve Critical Questions**

1. What was the original motivation or purpose of entering the business? The industry? The chosen part of value chain?

2. Do these motivations and purposes hold true today?

3. How do you see the future?

4. Who made these choices? Who were/are the planners and experts?

5. Who/what legitimates the project?

6. Who benefits from it? Who is ‘left out of the loop’? Why?

7. How does your organisation fit with your strategy for Maori development?

8. How do you harmonise Maori values and commercial values?

9. Is there a Maori ‘business ethic’ evident in your strategy? Operations?

10. Why did you choose an alliance structure?

11. How do you measure success in your organisation?

12. To whom and in what ways are you accountable?

**Plus:** Comment on any additional element(s) important to you. Why are they important?

All of the participants answered some of these questions. Paul Morgan, Chairman of Tohu Wines, has answered them in full.

**Some distinguishing features of Tohu Wines case**

In reviewing this case study, it is clear that Tohu Wines

- is a ‘test case’ for a larger Maori development policy involving iwi undertaking joint ventures to achieve adequate resource scale and financial infrastructure to allow Maori to successfully penetrate the international marketplace

- develops a distinctive Maori brand before moving into the marketplace

- reverses normal business practice by developing an international brand before moving strongly into the domestic marketplace
• is driven in part by the desire to establish a Maori ‘mark’ or ‘story’ in the international marketplace

• moves carefully and patiently to ensure that every aspect of the business — technical and cultural — is in place before building the brand

• adopts ‘smart’ commercial practices which enable the company to keep its costs to a minimum

• balances a keen commercial focus with a culturally based commitment to guardianship of the land (kaitiaka) and the preservation of Maori heritage

• mixes (perhaps ‘balances’) international business practice with local ‘grounding’ of the business

• takes a long-term position in the international marketplace, based on Maori as landowners in perpetuity

• builds on the ‘whanau principle’ or the ‘Cycle of Aroha’ — (Taurima and Cash, 1999) — Tohu as a ‘family of cousins’

• captures the allegiance of its shareholders and stakeholders through its blend of face-to-face tikanga practices and global communication tools

• builds its ongoing operations on establishing relationships and the trust that flowed from these communications

• exploits the growing interest in indigenous issues in the United States through the marketing of its ‘signature’ or ‘mark’, its indigenous story (‘Tohu’) 

• aligns itself with successful and recognisable non-Maori brands and wine varieties (such as Marlborough Sauvignon Blanc and Pinot Noir) while distinguishing itself through its distinctive cultural ‘mark’ at point-of-sale

• follows international ‘best practice’ in making use of the best technical advice (viticultural practice, wine making), whether Maori or Pakeha

• establishes an expectation that its future (in marketing terms) lies outside of New Zealand

• creates a model that is distinctively Maori and which could be adapted for other industries (especially land- and sea-based industries), where a unique (cultural) branding could be a powerful marketing differentiator.
Conclusion

According to the criteria outlined by Mason Durie’s Guiding Principles it is clear that Tohu Wines would be recognised as having a strong Maori business ethic. Although its social and cultural returns are as yet largely in the future, Tohu is a strong and viable joint Maori venture and a model for Maori advancement.

In its planning and its operations, Tohu also fulfils the criteria spelt out by Russell Bishop, in that it fully recognises its own Maori story (and exploits it), reflects Maori values and realities and is accountable to its Maori shareholders.

Finally, Tohu business practice challenges the criteria of Werner Ulrich’s Critical Systems Heuristics by opening itself to the technical and planning expertise of those who might be expected to be not involved and seeking to exclude no other Maori partner in its venture. Through its strong relationships with Pakeha contracting experts, advisors and marketing agents and its use of non-Maori wine-making facilities, Tohu has opened itself to robust and ongoing partnerships-in-practice that break down the narrow and defensive ‘boundaries’ that hold back joint cultural and business entrepreneurial ventures. This enlightened approach provides a possible ‘benchmark’ for other ventures (such as those in tourism or service industries) where broad cultural partnerships may be critical to New Zealand success in the global business environment.

Tohu Wines has entered an industry suffering from worldwide overproduction yet has managed to gain an international ‘toehold’, especially in the United States market. It is growing rapidly and aims to be in the top five wine producers in this country while exporting virtually all of its product. Tohu has moved from the embryonic to the growth stage of its business cycle. Like any other brand in this industry, its future is not assured, but its performance thus far must give Tohu’s shareholders and stakeholders a degree of confidence in its future. The establishing of this unique brand in the international marketplace has provided some interesting insights into the real commercial challenges and opportunities faced by Maori business. At the same time it demonstrates the huge potential for Maori advancement, where a successful balance can be achieved between commercial and Maori values. That is where ‘the business model can be adapted,’ rather than ‘adapted to’. (Durie 2002)

Finally, the business ethic at work in Tohu has wider implications for the economic and social development of New Zealand by demonstrating that social/cultural values and commercial ‘success’ are not necessarily always at odds. Tohu’s future will surely be every bit as instructive.
In fact, Tohu Wines, as seen by its protagonists, is showing itself to be increasingly successful in incorporating both a conventional commercial approach and a distinctively Maori brand or mark (‘tohu’). It has adopted both a vigorous Maori business development ethic and, paradoxically, the standard Western business ethic. This paradox suggests that the conflict of values, often viewed as a barrier to Maori development, may be more apparent than real. The Maori business ethic does not preclude the accepted objectives of business but rather includes them in a larger social and cultural framework (‘adapts’ not only ‘adopts’). This approach clearly adds value to Maori communities. The further suggestion is that it likewise shows opportunities for the wider New Zealand community.
Bibliography


Our Research Support

Partnership with Competitive Advantage New Zealand (CANZ)

From left to right, back row: Steven Findlay, Wayne Taurima, Dr Michael Cash, Professor John Brocklesby, Dr Jane Brysen, Dr Sally Davenport, Dr Paul Frogatt

From left to right, front row: Jean McCombie, Associate Professor Laurie Corbett, Dr Deborah Jones

Absent: Professor Colin Campbell-Hunt, Professor Pat Walsh, Associate Professor John Davies, Dr Linda Angell, Dr Urs Daellenbach

The purpose of the CANZ research programme is to build the capability of New Zealand enterprises to discover and exploit positions of sustainable competitive advantage within a global economy. The majority of the programme is devoted to the development of innovative manufacturing and service organisations, because these are the primary vehicles for the creation of economic value from the country’s distinctive natural, social, knowledge and creative resources. In addition, some contribution will also be made to the
distinctive competitive development of new knowledge-based enterprises, and to certain regional-level elements of the infrastructure for a knowledge economy. A partnership research objective aims to build the competitive capability of Maori enterprises.

The research team includes a wide range of business disciplines, and draws together principal researchers from four of the country’s universities, plus one polytechnic. Since its inception in 1998, the team has been an active producer of research on the distinctive realities of New Zealand’s competitive development. It includes several of the country’s most active researchers on New Zealand’s economic and business development. The team will also now include a number of emerging researchers whose development in the project will add to the country’s research capital in future years. A partnership research objective on the evolution of advantage in Maori enterprise has been initiated and will be extended during the current research plan. Throughout its life, the project has maintained close ties and direction from a number of key user groups including Business NZ, Trade NZ, MED, MORST, NZIM and more recently Industry NZ, and the NZ Business Excellence Foundation.

Expected benefits for New Zealand

New Zealand has yet to establish new foundations of a modern economy to replace or supplement the country’s traditional pre-eminence in primary sector products. Considerable improvements have been gained by adding value to these traditional bases of New Zealand’s comparative advantage (for example, dairy), but overall measures of the economy’s trading capability such as the terms of trade have yet to show significant recovery from a long-term sector decline. The ultimate contribution of the CANZ project is to help foster the development of a thriving community of New Zealand enterprises that explore niche-based positions of advantage in global markets and then develop these into sizeable home-based businesses.

In terms of jobs, a recent MED study estimates that there are 1500 firms now achieving 75 per cent or more of revenue offshore. If these all achieve the mean level of employment achieved by established CANZ firms of 200 employees, the result would be 300,000 jobs for the economy. The aim of the CANZ programme is to help greater numbers of firms research these very high levels of internationalisation, which would expand job gain even further.
One of the more important insights from CANZ work to date is that, contrary to international theory, the most globally active firms concentrate their manufacturing at home, so that the potential of these firms to grow significantly in size, wealth and employment within New Zealand is very considerable.
Toby Curtis was appointed Te Ahurei, Vice president (Maori Development) of the Auckland Institute of Technology (AIT) on 15 September 1997. Before taking up his new position, he was Tumuaki (Dean) of the first Maori faculty in the country. It was also the first to deliver a Bachelor of Maori Studies degree and a research journal that focuses on projects to enhance Maori development.

Toby was educated at Hato Petera College in Auckland, Ardmore Teachers College and Auckland University, graduating MA with Honours in Education. At the present time he is in the final stage of completing his doctoral thesis.

Previous to his appointment to AIT in 1991, he taught in special education, primary and secondary schools. There he gained deputy and principalship positions. He lectured at both Teachers College and University. Notable experiences include principalships of Oaklynn Intellectually Handicapped School, Hato Petera College and Vice-Principal/Director of Primary Education at Auckland College of Education.

Toby is considered one of the country’s foremost Maori educationalists. As a prominent figure in Maoridom, the wider community has been demanding of his time, talent and skills. Past commitments have included participation on tribal committees, land incorporations, national councils and government boards. Currently he is an executive member of the New Zealand Educational Administration Society and Commonwealth Council of Educational Administration and Management. In addition, he is Acting Chairman of Te Mangai Paho (Maori Broadcasting Funding Agency) and facilitator of the National Maori Sports Association.
In recent years, he has been the recipient of a Fullbright Award, an Associate Fellowship of the New Zealand Institute of Management (AFNZIM) and a Fellowship from the New Zealand Educational Administration Society (FNZEAS). Such awards influenced him to appreciate the value of internationalising education.

Toby is married to Mary. They have four grown-up children and three grandchildren. In his more youthful days, he represented Counties and Bay of Plenty provinces at rugby. Today it is squash, golf or regular fitness workouts that make up part of his daily regime which he manages to fit in before bedtime.

**Quote:**

Please carry forward your Kaupapa, as you have done, for the good and development of our people.

‘Mahia nga mahi kei tamariki ana’

‘Make the most of your time while you are young’
The Government has appointed Trevor Moeke, Te Mangai Paho chief executive, to the Board of the New Zealand Qualifications Authority. The Authority provides qualifications quality assurance, assessment, and examination services in New Zealand and overseas. The Authority has a number of new challenges ahead of it, and it is essential that the Board is composed of high-calibre people committed to quality education.

Trevor Moeke has 20 years experience working in areas of Maori education and training, including projects with waananga, polytechnics and industry training organisations. He has been appointed for a four-year term.

Mr Moeke’s indepth knowledge of Maori educational needs and the private tertiary provider sector will greatly assist the Authority’s growing role in the development and support of Maori tertiary education providers and qualifications.

‘This is an important work for both Maori and Pakeha. What an example Tohu Wines is for Maoridom. The future for Maori, as this study shows, is in ‘bringing the horizon close’, not merely setting out for it. Tohu have leveraged their business from Maori tikanga, and show us how to take advantage of the strength of our cultural capital.

I salute their courage and enterprise and your study in making us aware of what is involved in this adventure. It is clear that Tumatanui is helping to shape a solidly based research process to help this important ‘navigation’. I wish you every blessing in continuing this significant work.’
E kore e piri te uku te rino.
Clay will not cling to iron.

Wet clay clings to iron until it dries, when it falls off.
Similarly, the Maori must take pride in his ancient culture,
because European accretions will eventually fall off,
and the Maoritanga will remain.
27 November 2002

Kia ora Wayne raua ko Michael

Thanks for sending me a draft copy of your latest research report. As with your previous publications, this report is well founded in a quality approach to research that is spelt out in Section E. The addition of Durie’s model to that of Ulrich and mine has made yours an even better means of analysis.

Overall, a good read. Keep up the good work.

Naku na

Professor Russell Bishop Ph.D.
Assistant Dean Māori Education
School of Education

He kura kainga e hokia; he kura tangata e kore e hokia.
The treasure of land will persist, but not a treasured person.
**Special Acknowledgements**

**Professor Mason Durie**

Kia Ora, Te Rangitira

The research facilitators Dr Michael Cash and Wayne Taurima wish to specially recognise the contribution of Professor Mason Durie, Professor of Maori Studies and the Vice-Chancellor (Maori) of Massey University, to this publication. We see Professor Durie’s critique of Maori organisations, now incorporated into our research methodology, as a significant contribution to kaupapa Maori (bicultural) research in this country. Thank you, Mason, for allowing us to make use of your work.

*He pukepuke maunga, e pikitia e te tangata; he pukepuke moana, e ekenga e te waka; he pukepuke tangata, e kore e pikitia e te tangata.*

A mountain summit can be climbed by a man; a swelling sea can be sailed by a canoe; but a great man cannot be trampled on.
Recognising the ‘other partner’ involved in our research enterprise, the editors Wayne Taurima and Dr Michael Cash, wish to publicly acknowledge the singular support and trust placed in us by Associate Professor Laurie Corbett of the Victoria University of Wellington School of Management, who has smoothed the way for us, as we move into a partnership with the CANZ research group. Together with his colleague, Professor Colin Campbell-Hunt, now of Otago University, Laurie has ‘opened doors’ for our continuing exploration of contribution of a ‘bicultural capital’ to the development of New Zealand. Thank you (Kia Ora, Te Rangitira) Laurie for your support. We salute you as a Warrior.
Iti te kōpara kai tārere āna i te pūhi o te kahika.

Small though the bellbird may be,
it swings on the topmost twigs of the white pine.