

CHIEF EXECUTIVE'S REPORT

THE WAY FORWARD

It was with great pleasure and optimism that I took up the position of chief executive almost on the day of the tenth anniversary of the formation of Industrial Research Limited. While others can take the credit for the enormous achievements, it is my challenge to take those benefits forward and continue to move Industrial Research towards the vision we all share of a technology development company with its core competencies rooted in high quality science.



Significant private sector and international revenues illustrate the growing maturity of Industrial Research as an independent and self-determining organisation. These revenues are less "funded" and more "earned". They result from the business of science and technology backed by client service. Our future success will depend on developing, to the "nth degree", a state of mind that we are masters of our own destiny, creators of business and enterprise, not simply suppliers of contract science.

In my term this will be a fundamental focus.

On returning to New Zealand after six years working internationally, I was excited by the changes. Discussion of the knowledge economy and recognition of its place in New Zealand's future has increased markedly. The power of the idea of a knowledge economy will be lost unless we, as a nation, are able to create it in real terms. That means turning knowledge into practical application.

Organisations such as ours have to redouble efforts to convert ideas not only into practice, but commercial viability. This requires excellent science, effective management, and dare I say it, courageous clients - all of which we have. Many other organisations are at the early stages of their thinking and business practices. For Industrial Research this is core business and we have great potential as national leaders in this quest.



Industrial Research owns enormous value in intellectual property and has significant knowledge assets. Our challenge is to move from knowing and saying that, to actually realising it in financial returns. For an organisation with such assets its financial performance has been moderate, but not spectacular.

My experience in international technology markets indicates to me that the quality of work being turned out by Industrial Research is of an international standard in many of our areas of speciality.

This organisation has the capability to compete in the international market for the benefit of New Zealand as a whole.

I believe the key to our second decade is to focus on priorities and niches. The pathway from knowledge to application is often more difficult and complex than first appearances. It requires high levels of investment, thought and often, raw energy. We cannot take on every opportunity, but need to be selective, and take the best opportunities through to their completion, not just partial realisation.

The assets created over the last 10 years are a credit to all those involved. The challenge of the next decade is to gain full value from these assets for us and for New Zealand.

I see the first six months of my term, through to the end of 2002 being a planning and thinking period. I will be leading the management team through a strategic planning process and will be engaging with staff and clients at the same time. I will be listening and I want to hear from people with a point of view.

I am looking for a vision for the next decade that is clear and agreed. Performance issues such as improving client servicing and management, and developing more effective commercial partnerships will receive close attention. At the same time it is essential we maintain a consistent investment in our science capability. I believe the organisation can go up another gear in what it can achieve for New Zealand.

Nigel Kirkpatrick
Executive Chairman