

Orb Communications – New Zealand's telecommunications cooperative

by Richard Briggs

Chief Executive, Orb Communications Ltd

The Orb Communications cooperative was established in 2005 and is still in growth phase. While the cooperative itself is new, most of the members have been in the communications business for over 10 years, with some for as long as 20 years.



The cooperative is owned by 24 owner operator members, running 42 retail stores and out-bound sales operations throughout the country. Current turnover is near \$100m.

Orb Communications sells complete communications solutions to small and medium businesses. This includes mobile phones, mobile data products, IP telephony, and broadband solutions, connected to the Telecom network. Orb employs over 300 staff.

The cooperative model was chosen for numerous reasons, the immediate and obvious benefits being buying power and the ability to compete on a national basis. A unique benefit to members is that being in the cooperative brings an improved partnership with Telecom.

Any working partnership that has such a significant size differential has the potential for problems and the ability for smaller resellers to influence the overall relationship is limited. The cooperative's discussions carry more weight and ensure that members' views and concerns are expressed and addressed.

Equally, however, Telecom is satisfied with the Orb cooperative because they only have to interface with a single entity, which means reduced administrative and support overhead.

A byproduct of joining Orb was the renewed enthusiasm amongst members for success and motivation to grow their business and contribute to the success of the cooperative as a whole.

Success was thus a combination of factors all typical of cooperative principles, but the uniting element that allowed it to flourish so rapidly was the consequence of the maturing of the current mobile communications market.

Many mobile sales organisations, including

those in the Orb cooperative, had seen a very successful business start to decline as the market matured and mobile phone penetration reached 100% of the population.

It was apparent that many members did not have a strong business plan for diversification, with a level of uncertainty around attracting new and existing customers back into store to restore margins.

Telecom viewed the primary challenge for Orb as being the ability to unite 24 diverse, obstinate business leaders into a single entity with a common goal and vision.

Ironically, the members themselves were struggling individually to identify the market trends and direction and adapt their businesses accordingly. They looked to the cooperative not necessarily to provide leadership, but for reassurance that the shared strategy in such a rapidly changing and complex environment is supported by their peers.

Orb Communications has established a niche providing "whole of business" communications solutions to small businesses throughout New Zealand. We have expertise in converging mobile and fixed communications and creating personalised solutions that enable our customers to utilise communications tools as a business benefit – not a headache.

Customers are also recognising the value not just in our ability to compete and remain competitive but also provide personalised service and identify with the challenges of a small business, as that is exactly the business that each member themselves operates today.

Traditionally there has been a high level of competition and protection between stores around customers and customer databases. Stores have preferred to try to support remote sites themselves rather than utilise a local partnership for risk of losing the customer or being forced to compromise revenue returns.

The next stage in the development of the cooperative is to centralise customer account management and allocate member resources to manage national customers. This is going to be the big test of members' commitment to the cooperative as it is irreversible and members have traditionally kept their customer bases well guarded.

Following this, our next step is to take this message through a national television advertising campaign, something that the individual members could only have dreamed about only two years ago.●

Richard Briggs,
Chief Executive, Orb
Communications Ltd



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A REPRINT FROM

Cooperatives News
newsletter of the
New Zealand
Cooperatives
Association Inc.
Level 5
Agriculture House
12-22 Johnston St
Wellington 6011
P 04 472 4595
F 04 472 4538
nzca@nz.coop