

### Advancing Small Business Queensland

### ensland the place to start.

the place to start, grow and employ in Small business

**DISCUSSION PAPER** 



Department of Tourism, Major Events, Small Business and the Commonwealth Games





### Introduction

#### The Queensland Government recognises the economic contribution of our small business sector and is committed to the growth and success of small business in our state.

We are committed to creating a stronger environment where small businesses can start, grow and employ. We also want smarter businesses, created with a strong foundation and the resilience to survive and thrive.

Our small business strategy will align with the Advance Queensland agenda, a comprehensive suite of programs that will create jobs, drive productivity improvements and harness innovation.

Its programs can help small to medium sized enterprises across the state innovate, partner and create jobs. By leveraging the innovation agenda, the strategy will ensure small business in Queensland are provided an opportunity to work smarter, be sustainable and achieve their growth aspirations.

Our strategy will be underpinned by:

- a more coordinated approach across the State Government to delivering small business services and opportunities
- increasing our focus to support small business to get a better start, survive the tough first four to five years, reach their 'high growth' ambitions and employ staff through better planning, greater digital skills, and access to mentors and new markets

- > delivering greater support to regional small businesses which are often the backbone of their communities
- > building stronger collaboration between government and industry and having a louder advocacy voice for Queensland small business at the national level.

The strategy will focus on greater advocacy, making it easier to do business, and empowering small businesses to start, grow and employ.

#### What does a strong small business sector mean for Queensland?

- > more jobs for Queenslanders
- > successful businesses
- > sustainable communities
- regional growth
- > a stronger Queensland economy.





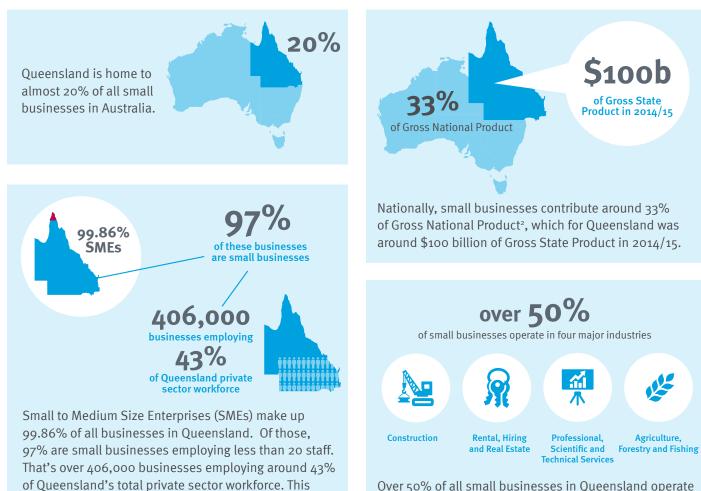
# Small business in Queensland

percentage increases to almost 70% when including

are included.1

medium size businesses, those employing 20-199 staff,

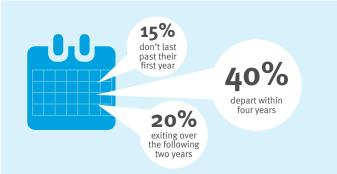
#### Small businesses make a major contribution to our economy:



Over 50% of all small businesses in Queensland operate in four major industries<sup>3</sup> - Construction; Rental, Hiring and Real Estate Services; Professional, Scientific and Technical Services, and Agriculture, Forestry and Fishing.

3

### Unfortunately business survival rates in Queensland are lower than other states:



Over 50,000 businesses start in Queensland each year. Unfortunately 15% don't last past their first year with a further 20% exiting over the following two years and 40% will have departed within four years. This is often due to poor business cases, lack of mentoring advice, low adoption of technologies and lack of planning.<sup>4</sup>



#### There is potential for our small businesses to work smarter:



The number of Australian businesses with a website and a social media presence increases as the size of the business grows. In 2013/14, 37% of micro businesses in Australia (0-4 employees) had a website and 22% a social media presence. This increased to 58% of small businesses (5-19 employees) with a website and 41% a social media presence. <sup>5</sup>

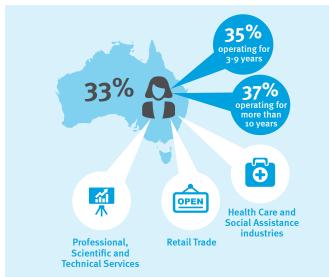


Small businesses are less likely than larger businesses to use the internet to place or receive orders. Only 59% of small businesses placing orders online in 2015, 42% receiving orders and 51% receiving payments.<sup>6</sup>



The number of small businesses who innovate, either through goods, services, processes or marketing methods is considerably less than medium or large businesses. In 2013/14, 34% of micro and 54% of small businesses were innovative, compared to 60% of medium and 73% of large businesses.<sup>7</sup>

### We want to encourage more women entrepreneurs:



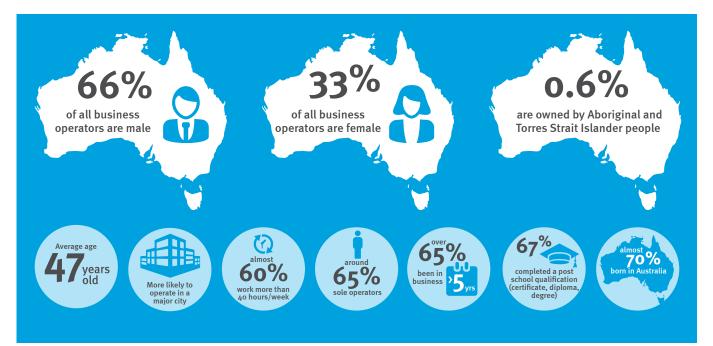
Nationally, the number of women operating businesses has increased by 46% over the past twenty years and they now make up 33% of all business operators in Australia.<sup>8</sup> Over 70% of businesses owned by women are established businesses with 35% operating for 3-9 years and 37% operating for more than 10 years. Female business operators are most common in the Professional, Scientific and Technical Services; Retail Trade; and Health Care and Social Assistance industries. <sup>9</sup>

#### We want to encourage growth in Aboriginal and Torres Strait Islander entrepreneurs:



In 2011, there were approximately 12 500 businesses in Australia owned by Aboriginal and Torres Strait Islander people, an increase of 40% since 2006. Despite the increase, only 0.6% of all businesses in Australia are owned by Aboriginal and Torres Strait Islander people.<sup>10</sup> The majority of businesses are small or micro in size and primarily located in major urban areas. They often employ Aboriginal and Torres Strait Islander people, are positive role models in their community and serve as mentors for future entrepreneurs.<sup>11</sup>

#### The characteristics of an Australian small business owner<sup>12</sup>:



## Drivers for a small business strategy

Small business owners are often time poor, low adopters of technology and may be unsure where to access information and services. They are particularly vulnerable to a range of pressures including fluctuations in the Australian dollar, changing levels of consumer confidence and natural disasters, often feeling the impact of these pressures more than larger businesses.

In addition to external pressures, small businesses face different challenges at different times in their lifecycle:

- > to pitch for finance > entrepreneurial culture

#### Selling and Closing

- successful planning
- market opportunities legal and financial implications
- bankruptcy provisions ability to access finance
- personal circumstances

#### Starting

- cashflow/capital to start
   skills needed
   market insights
   regulatory requirements
   often don't invest in digital technologies

#### Running

- > business and workforce
- planning cashflow management
- management skills competition
- economy and consume
- confidence
- information about compliance
- lower uptake on indigital technology access to new markets regulation and compliance
- government procurement opportunities retaining skilled workers adopting innovation research and development

Growing

Not all small businesses work their way around the wheel in a sequential fashion. Some may move from starting to growing and others from starting to selling.

There is an opportunity to improve the small business landscape by helping people bring their ideas forward and turn them into businesses, helping young firms with high growth aspirations to be sustainable and achieve that growth, and assisting businesses that are facing tough challenges to increase their resilience and likelihood of success.

Small businesses in Queensland can flourish in an environment that supports a better start, helps them be sustainable through the first four years, and facilitates high growth and employment. Such an environment can result in a lower attrition rate, an increasing number of high growth businesses, increased employment and higher productivity.

Many small businesses face competition from businesses across the world, through low-capital intensive e-commerce models. Through working smarter and linking businesses with high growth aspirations to export pathways such as e-commerce marketplaces, Queensland small businesses can be in a stronger position to respond to competition and grow into globally competitive businesses.

6 Advancing Small Business Queensland



### A vision for Queensland small business

By creating an environment for small businesses to start, grow and employ, Queensland's small business landscape could look different by 2020:

- $\bigcirc$ more small businesses opening with a business plan for success
- business attrition rates in Queensland  $\bigcirc$ are one of the lowest in the country
- greater business survival via improved  $\bigcirc$ skills enabling smarter, more nimble decision making
- stronger growth and sustainability  $\bigcirc$ providing more jobs
- continued growth in medium-size businesses as this segment of the sector expands
- more small businesses are globally connected, through e-commerce, export and use of foreign investment and venture capital

business owners have greater work  $\bigcirc$ life balance by working smarter



• small businesses are a strong contributor to regional economies



• Queensland Government red tape continues be streamlined to reduce the compliance burden

greater engagement with small businesses by the Queensland Government including improved levels of customer satisfaction and a greater return on investment by key agencies.

### Strategic approach

We can achieve this vision through implementation of a strategy that is focused on three core themes:

- 1. Advocate for small business
- 2. **Enable**, by making it easier for small business to do business and engage with government
- 3. **Empower** businesses to drive innovation, growth and employment.

To **Advocate** is to provide a voice for Queensland small business, providing an interface between all three levels of government, and researching and addressing small business and red tape issues. The Advocate program could include initiatives such as:

- > Appointment of a Small Business Advocate to provide a voice for Queensland's small businesses and act as the primary interface with the Federal Government.
- Facilitating partnerships across all levels of government and with key stakeholders to encourage greater collaboration, knowledge sharing and joint delivery of programs.
- Creating a knowledge and data hub to research key issues impacting on Queensland small businesses and draw on targeted research and publications across government.
- > Implementing initiatives to reduce red tape and make government compliance easier for small business.

To **Enable** connections between the government and business, as well as foster collaboration and information sharing across government agencies delivering small business programs. The Enable program could include initiatives such as:

- Increased engagement with regional stakeholders and a coordinated approach in the delivery of programs and services to small businesses in regional areas.
- > Enhancement of the Queensland Government's Business and Industry Portal to ensure it continues to be customer focused, responsive and easy to use, and promoting the service to the wider business community.
- Facilitating targeted interactions between businesses and government, whether it's a small, medium or large business.
- Establishing a central hub to encourage collaboration and streamlining of programs, information and service delivery across the Queensland Government.

To **Empower** small business through drive innovation, business creation, sustainability and growth. The Empower program could include:

- Encouraging more small businesses to adopt digital technologies and solutions to improve existing products and services as well as increase their online presence.
- Encouraging small businesses to be more innovative with their processes, business model, products and services.
- Encouraging our Entrepreneurs of Tomorrow to turn their ideas into a business and provide targeted information to women and Aboriginal and Torres Strait Islander entrepreneurs on starting and growing their businesses.
- Expanding the Mentoring for Growth program to see more mentoring sessions delivered and greater representation of women, migrant and Aboriginal and Torres Strait Islander business owners on mentor panels.
- > Delivering programs to help new businesses survive their first five years and through times of adversity.
- > Delivering programs to provide targeted assistance for businesses with high growth aspirations.
- > Assist more small businesses to go internatioanl.
- Providing advice on how to pursue opportunities to supply to major projects in Queensland, such as the Gold Coast 2018 Commonwealth Games, and pursue government procurement.



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#### You are invited to provide a submission on the questions listed below via the online survey on Get Involved.

Are you providing feedback as an:

	Individual	Industry Group, Body or Association	Support small businesses to export or attract investment
	Small Business Government Agency	Business Group,	Provide businesses with the tools to grow and prosper
	(Federal, State or Local)	Chamber or Association	Assist women to start and grow their business
		Other Organisation	Assist Aboriginal and Torres Strait Islander people to start and grow their business
	Do you support the proposed direction for a new small business strategy for Queensland?		Support businesses to survive their first five years
	a. If not, please provide s		Help businesses to pursue government procurement
	direction.		Help businesses to pursue opportunities related to
2.	Do you support the proposismall business?	sed vision for Queensland	the 2018 Commonwealth Games and other major projects
	a. If not, please suggest a	a new or modified vision.	Provide a voice for Queensland small businesses at a national level
3.	How can the Queensland difference through Advoca		Better coordination of government services and programs
	a. Please provide your fee suggested programs an for consideration.	edback or support on the nd/or suggest other programs	Research issues impacting on small businesses and implement a plan to address them
4. How can the Queensland Government make it easier for small businesses to do business and engage with Government?			7. What do you see is your role in the new small business strategy and how could you be involved in the development or delivery of initiatives?
	a. Please provide your feedback or support on the suggested programs and/or suggest other programs for consideration.		8. Do you have any suggestions on how success of the new small business strategy could be measured?
			9. Is there any other feedback you would like to provide?
<ol> <li>What services can the Queensland and/or support to encourage the cu businesses and help businesses to and grow?</li> </ol>		age the creation of new	The online survey will be available
	and grow?		on Get Involved from 18 April to 2 May 2016.
	<ul> <li>Please provide your feedback or support on the suggested programs and/or suggest other programs for consideration.</li> </ul>		www.getinvolved.qld.gov.au
6. From the following list, please rank the top 5 things		ease rank the top 5 things	If you would prefer to make a written submission addressing the above questions,

Assist businesses to identify and use digital

Assist budding entrepreneurs to turn their idea into a

Assist businesses to adapt their business model to

Reduce or streamline red tape, making it easier

Deliver more business programs in regional

for small businesses to comply with government

Deliver more business information and services online

meet market demand or challenges

please forward your submission to

3 May 2016.

smallbusiness@dtesb.qld.gov.au before

9

technologies

business

regulations

Queensland

- the Queensland Government can do to make it easier for small businesses to start, grow and employ?
- Assist businesses be more innovative

### Endnotes

- 1 8165.0 Counts of Australian businesses, Australian Bureau Statistics, February 2016
- 2 Small Business Data Card, Australian Government Treasury, December 2014
- 3 8165.0 Counts of Australian businesses, Australian Bureau Statistics, February 2016
- 4 8165.0 Counts of Australian businesses, Australian Bureau Statistics, February 2016
- 5 8166.0 DOoo1 Summary of IT Use and Innovation in Australian Business, 2013-14, June 2015
- 6 E-Business Report, Sensis, 2015
- 7 8166.0 DOoo2 Summary of IT Use and Innovation in Australian Business, 2013-14, June 2015
- 8 Profile of Australian Women in Business, Office for Women, Australian Government, 2015
- 9 8175.0 Counts of Australian business operators, October 2013
- Success factors for Indigenous entrepreneurs and community-based enterprises, Resource Sheet No.
   30, produced for Closing the Gap Clearinghouse, Australian Government, 2014
- 11 Defining the Australian Aboriginal Business, Centre for Entrepreneurial Management & Innovation, November 2013
- 12 8175.0 Counts of Australian business operators, October 2013



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