Central Coast (NSW) Small Business Research

Central Coast Business Enterprise Centre

In partnership with:

Gosford City Council · Wyong Shire Council · Central Coast

Regional Development Australia · Central Coast NSW

Prepared by: Micromex Research
Date: May 2011

Presentation at RDA Ourimbah
Thursday 15 September 2011

Background, Objectives & Methodology

Central Coast Business Enterprise Centre

Gosford City Council Central Coast

Wyong Shire Council

Regional Development Australia Central Coast NSW

Background

There are several organisations currently undertaking projects and initiatives in order to help build small businesses on the Central Coast.

The Central Coast Business Enterprise Centre (CCBEC) is a local not for profit organisation that is 100% focussed on providing real & relevant advice to small business.

In order to improve knowledge around small business on the Central Coast the CCBEC, in partnership with Wyong and Gosford Councils and Regional Development Australia (RDA) Central Coast, commissioned a survey of local small business owners and managers.

Core Research Objectives

Objectives of the research included, but were not limited to, identifying

- A profile of micro/small businesses on the Central Coast

- The key drivers/barriers for micro/small business success and growth

- Potential strategies/services/facilities that could be offered to assist with growth

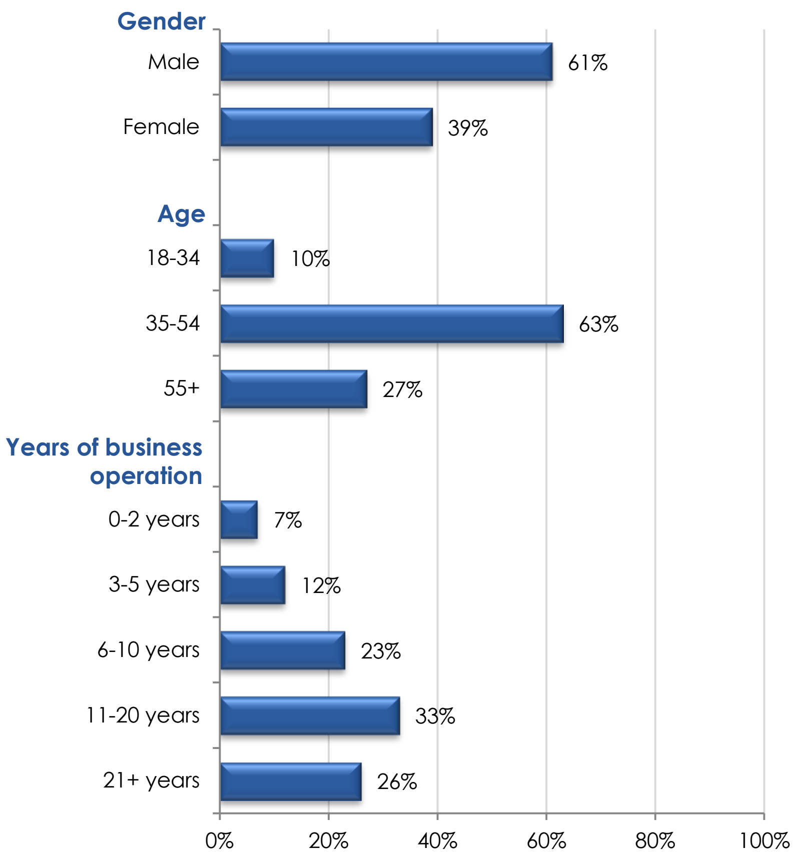
Methodology & Sample

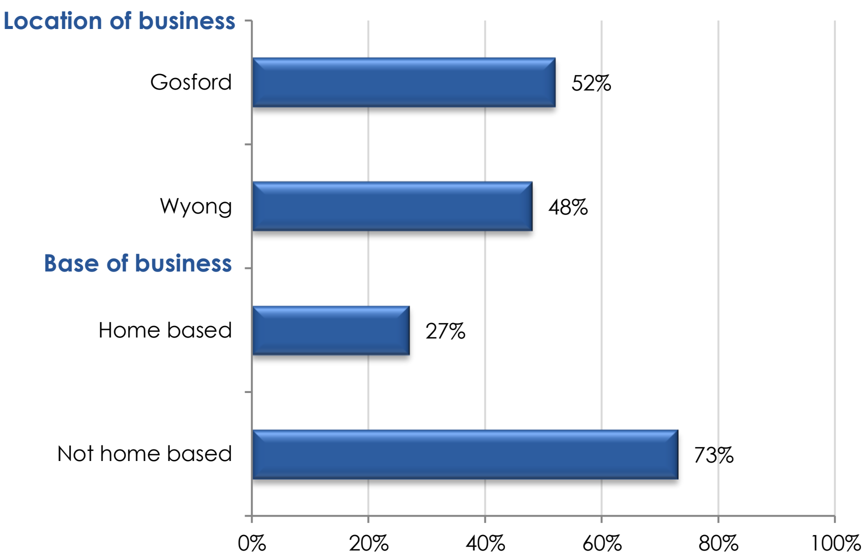
A random telephone survey with 1,000 small business owners and managers in April and May 2011 by Micromex Research.

There are currently 21,726 small businesses with 19 or less employees on the Central Coast (ABS Counts of Australian Businesses, including Entries and Exits, Jun 2003 to Jun 2007.)

Respondent Profile

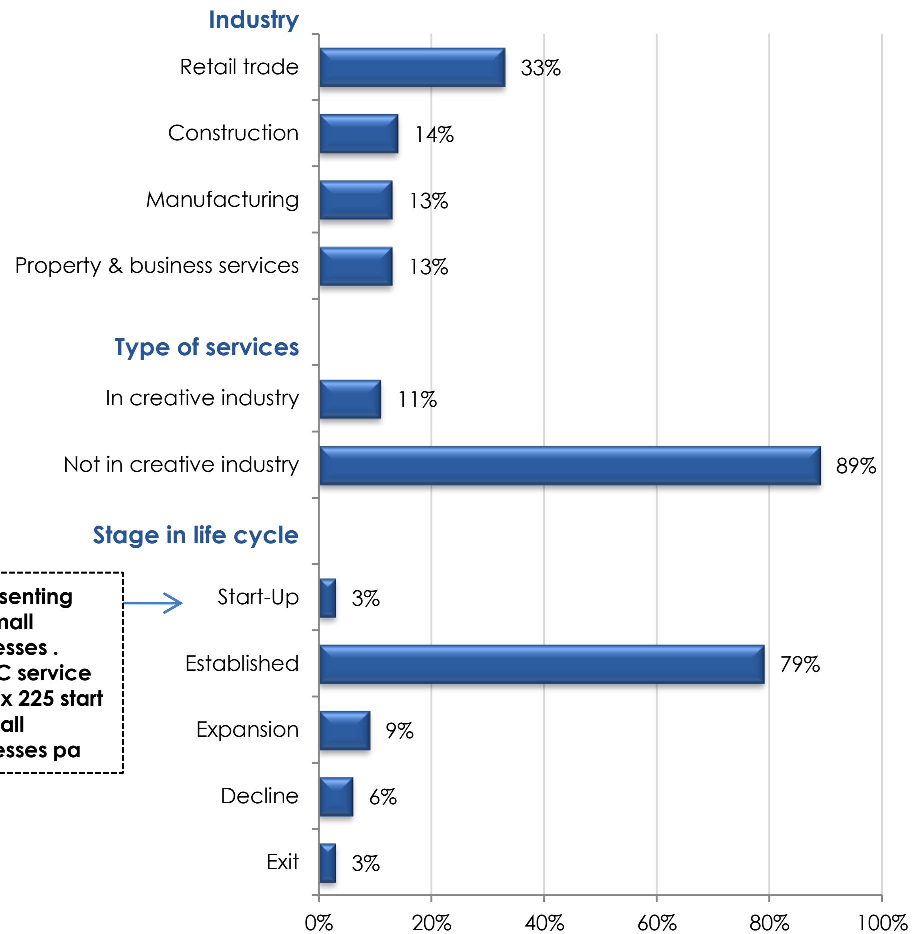
Respondent profile



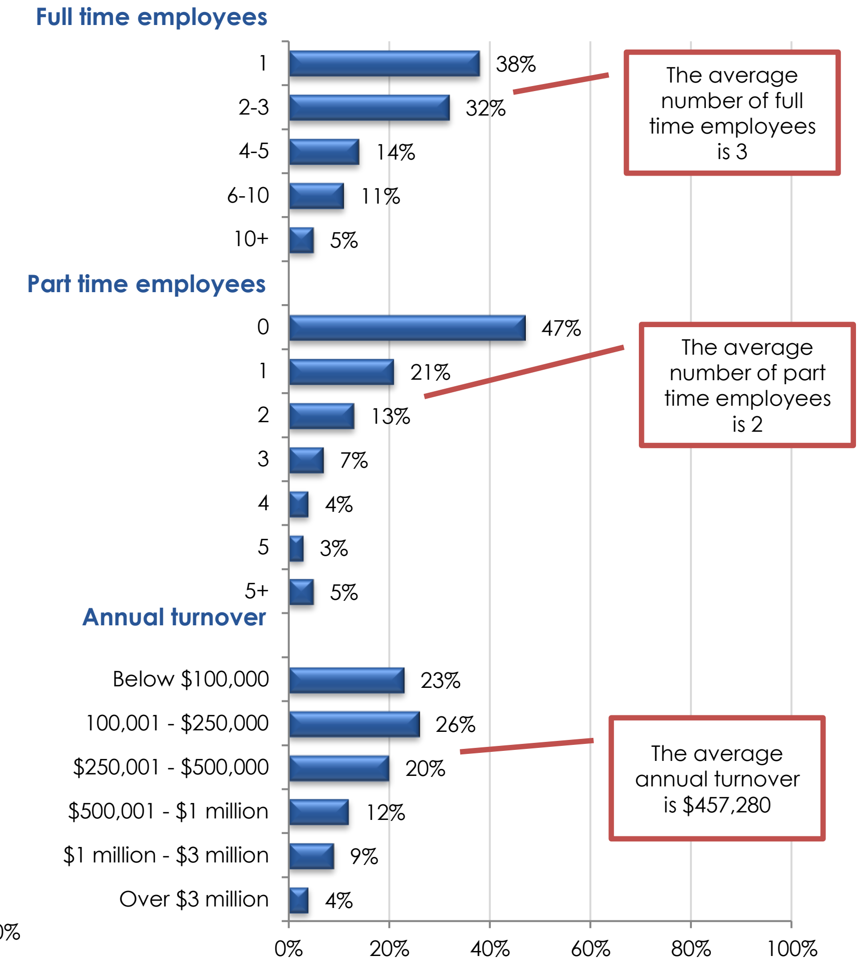


Base n = 1,000

Respondent profile



Representing 652 small businesses . CCBEC service approx 225 start up small businesses pa



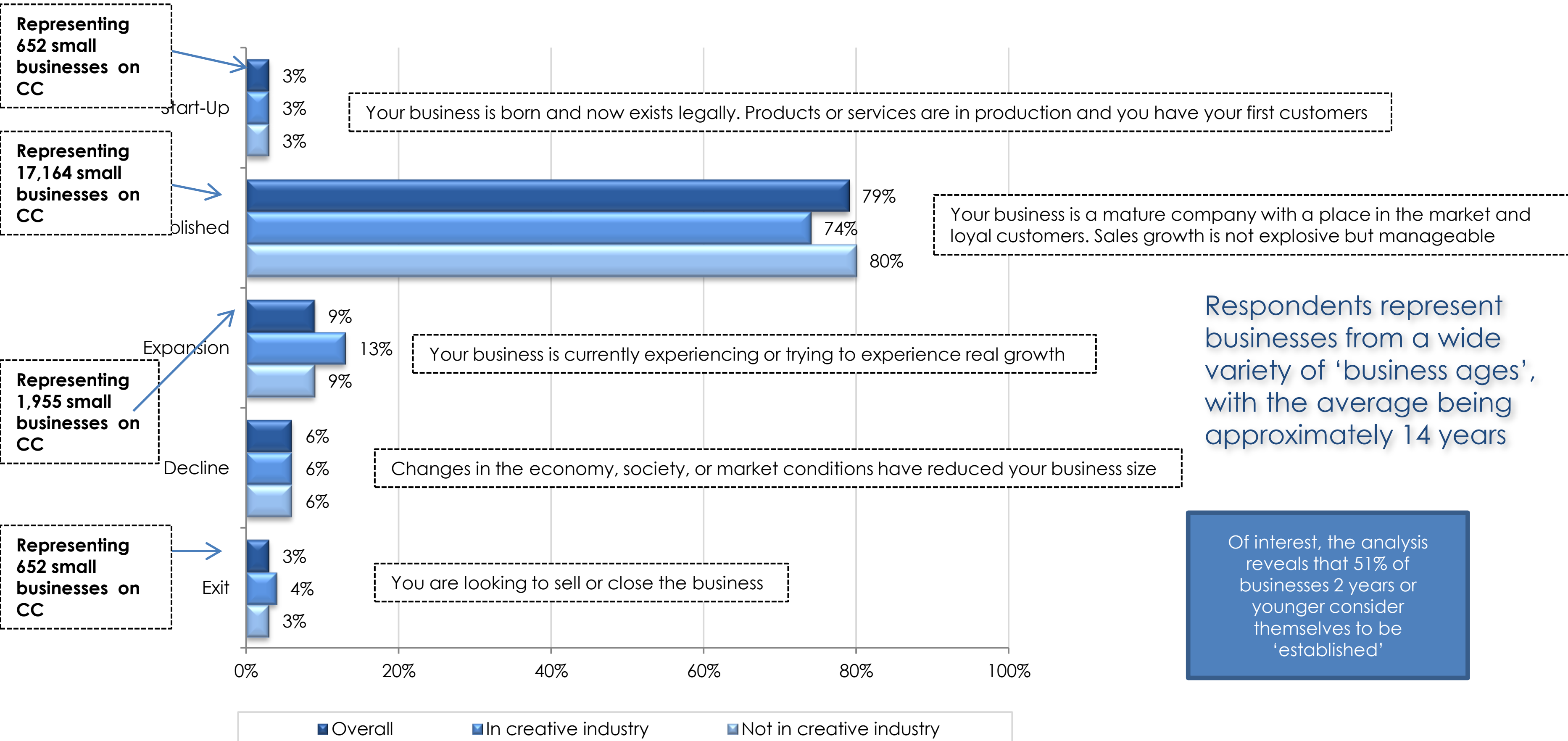
Base n = 1,000

Key attitudes of owners & operators

Key attitudes

The majority of small businesses (79%) best describe the stage their business is in as ‘**established**’

Q. Which of the following best describes the stage your business is in?



Respondents represent businesses from a wide variety of ‘business ages’, with the average being approximately 14 years

Of interest, the analysis reveals that 51% of businesses 2 years or younger consider themselves to be ‘established’

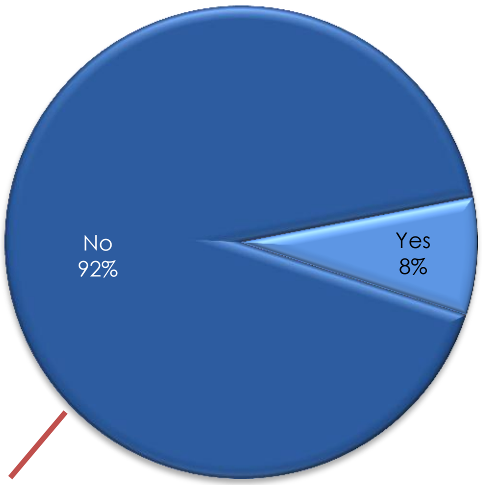
Base total n = 1,000
In creative industry: n =112
Not in creative industry n = 888

Whilst a high % of businesses (59%) have been operating for 11 years or more, a significant percentage are new entrants (19% - 5 years or less)

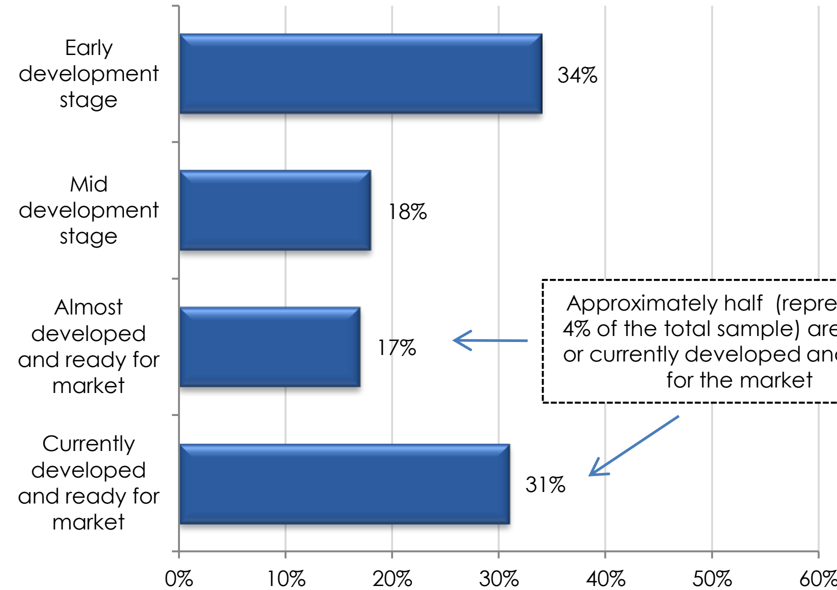
Key attitudes

8% of businesses are identified as '**innovators**' - having a unique idea, invention, product or service they are currently developing

Q. Do you have a unique idea, invention, product or service that you are currently developing?
Q. At what stage is the development of this?



Those in business 6-20 years are significantly less likely than those in business 0-2 years



Approximately half (representing 4% of the total sample) are almost or currently developed and ready for the market

In comparison to other research undertaken* 26% of Central Coast businesses indicated they have introduced new products or services in the last year.
They may not necessarily be unique and businesses with 10 or less employees were the least innovative.

•Hunter Valley Research Foundation report on Innovation in Hunter, Upper Hunter and Central Coast Businesses August 2011. Sample 315 businesses.

Base n = 1,000

Base n = 83

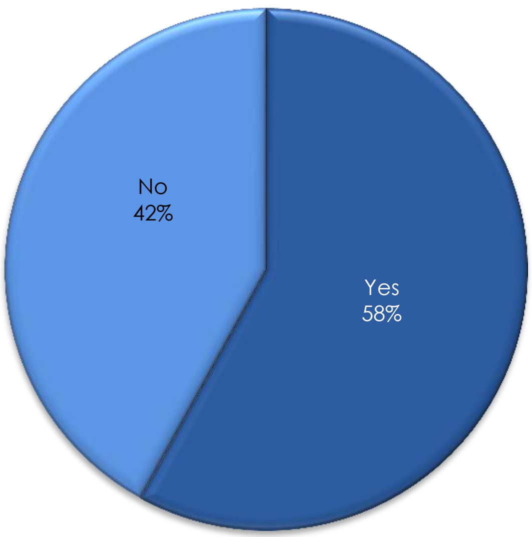
The challenge for training and advisory services is to identify and assist the 'innovators'

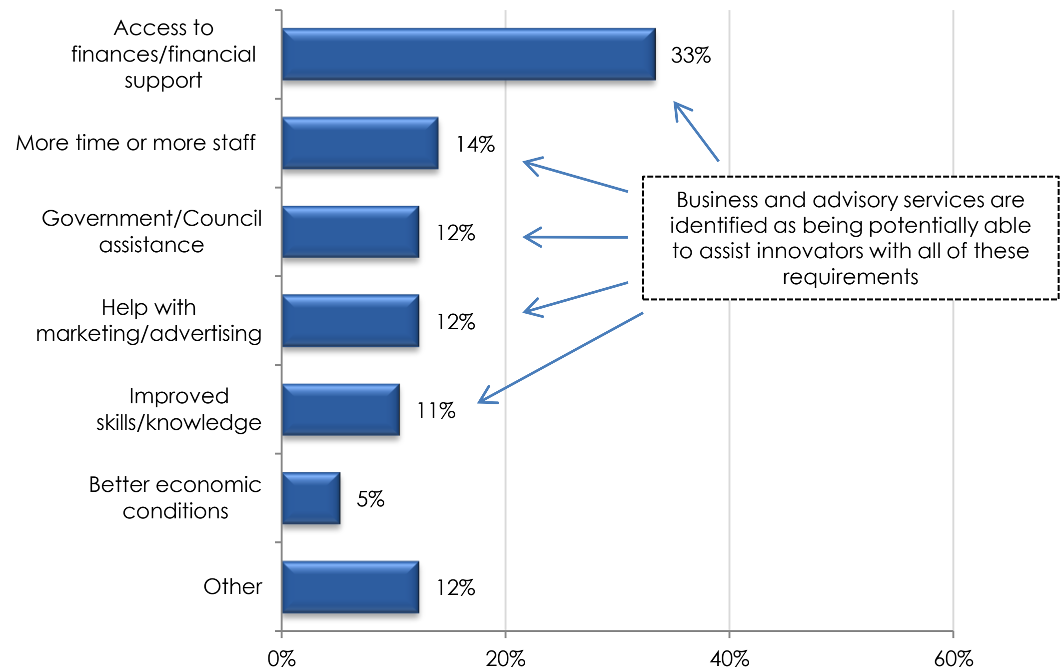
Key attitudes

over half of the innovators (58%) identified a specific function or service that would assist them in accelerating the innovation process

Q. Is there anything that would assist you to accelerate the development of this?

Q. (If yes), What would assist you?





Base n = 83

Base n = 57

Access to finances or financial support is identified as the predominant mode of assistance that innovators require

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Key attitudes

Respondents aged 55+ and home based businesses are significantly more likely to be running a business with a turnover of below $100,000

Q. Please stop me when I read out the grouping under which your annual business turnover falls:

	Home based business	
	Yes	No
	n = 268	n = 732
Below $100,000	49%	14%
$100,001 - $250,000	25%	26%
$250,001 - $500,000	16%	21%
$500,001 - $1 million	6%	14%
$1 million - $3 million	2%	12%
Over $3 million	1%	5%
Refused to answer	1%	8%

	Age of respondent		
	18-34	35-54	55+
	n = 97	n = 634	n = 269
Below $100,000	14%	20%	34%
$100,001 - $250,000	24%	29%	19%
$250,001 - $500,000	23%	19%	22%
$500,001 - $1 million	14%	12%	11%
$1 million - $3 million	8%	10%	7%
Over $3 million	3%	4%	3%
Refused to answer	13%	5%	4%

A significantly higher percentage (by group)

A significantly lower percentage (by group)

Home based businesses represent 27% of responses

Summary of key attitudes of owners and operators

- The majority of small businesses (79%) best describe the stage their business is in as 'established' operating on average for 14 years.

- 9% (*1,955) of small businesses described themselves as being in the 'expansion' stage

- 8% (*1,738) are identified as 'innovators' - having a **unique** idea, invention, product or service they are currently developing

- 27% businesses surveyed were home based

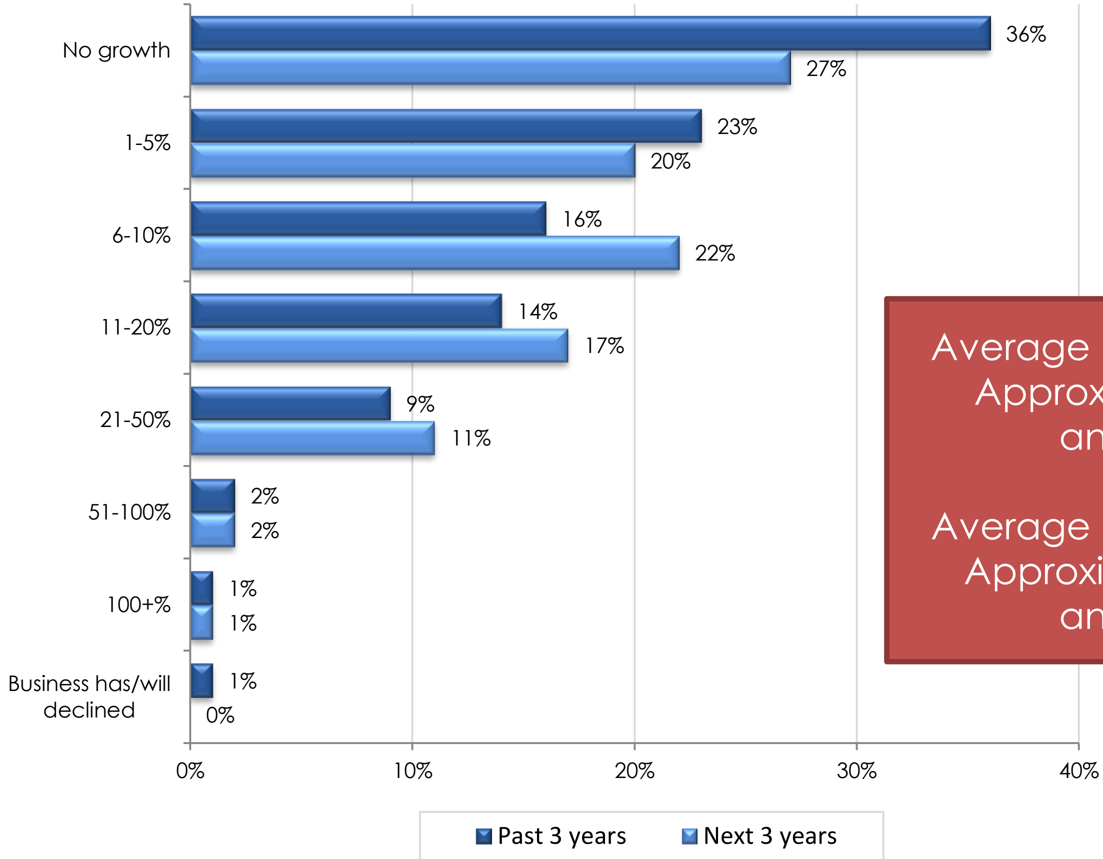
- The average annual turnover was under $500,000 with an average of 3 full time and 2 part time employees.

Business Growth

Business Growth

Percentage growth over past 3 years and next 3 years

Q. On average, by what percentage has your business grown annually in the past 3 years?
Q. What do you expect your business's average growth to be annually over the next 3 years?



Average (past 3 years) Approximately 7% annually

Average (next 3 years) Approximately 10% annually

Base n = 1,000

63% of small business surveyed experienced growth in the last 3 years

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Business Growth

- **When asked on average, by what % has your business grown annually in the past 3 years:**
  - 63% (*13,687) of small businesses surveyed experienced growth
    36% trading at the same level and
    1% with negative growth.
  - On average, over the past 3 years small businesses have grown by 7% annually and over the next 3 years expect to grow by 10% annually.

- **When asked about their attitude to growing their business:**
  - 56% would like to stay at current level of growth
  - 40% (*8,690) would like their business to grow (25% slowly and 15% quickly)
  - A higher percentage (57%) of younger business owners (18-34) wish to grow their business
  - 4% would like business to become smaller

Base total n = 1,000
* Representing % of total small businesses on the Central Coast 2007

Business Growth

Key Growth Sector

IT/media/telecommunications is identified as the key growth sector, with minimal difference in expected growth amongst the other recorded sectors

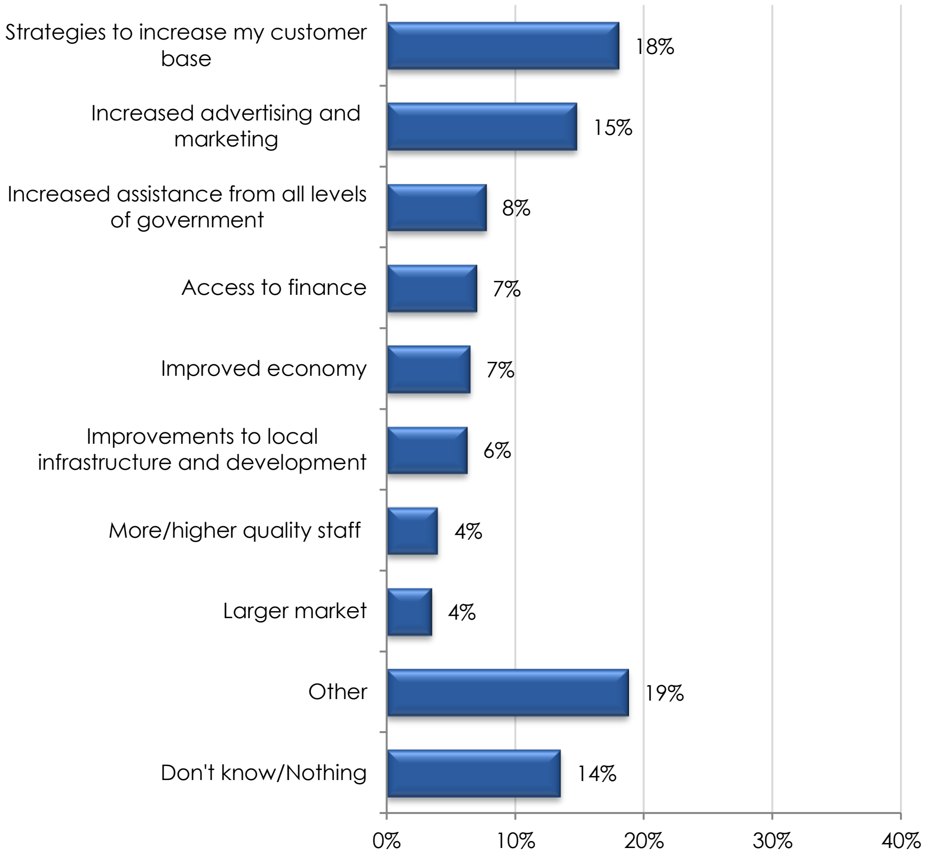
Industry	Expected annual growth in the next 3 years
IT/media/telecommunications	22%
Wholesale trade	13%
Personal and other services	11%
Accommodation, café or restaurant	11%
Property & business services	10%
Health and community services	10%
Tourism	10%
Arts & recreation	10%
Construction	9%
Manufacturing	9%
Transport, warehousing and storage	8%
Retail trade	8%

Key drivers for success

Key Drivers for Success

Predominant top of mind responses for the **one integral growth strategy** centred on **advertising and marketing strategies** to increase their customer base

Q. *What is the one specific thing that would assist you to grow your business? (unprompted question)*



Base n = 400 – *only asked of those respondents who stated that they wanted their business to grow*

Verbatim responses – In creative industry

"Would be great to have some help with advertising"

"Networking opportunities"

"Government support of small businesses"

"Larger premises"

"Growth in the economy"

"Redevelopment of Gosford"

"Reliable staff"

"Financial assistance"

"More exposure"

Verbatim responses – Not in creative industry

"Repeat customers"

"Better economic conditions"

"Getting our name out there"

"Lower rates for small businesses"

"Less paperwork and red tape"

"Small business advisory service"

"More foot traffic in the area"

"To find employees who are interested in my industry"

Access to finance was not identified as a strong inhibitor in this open ended question

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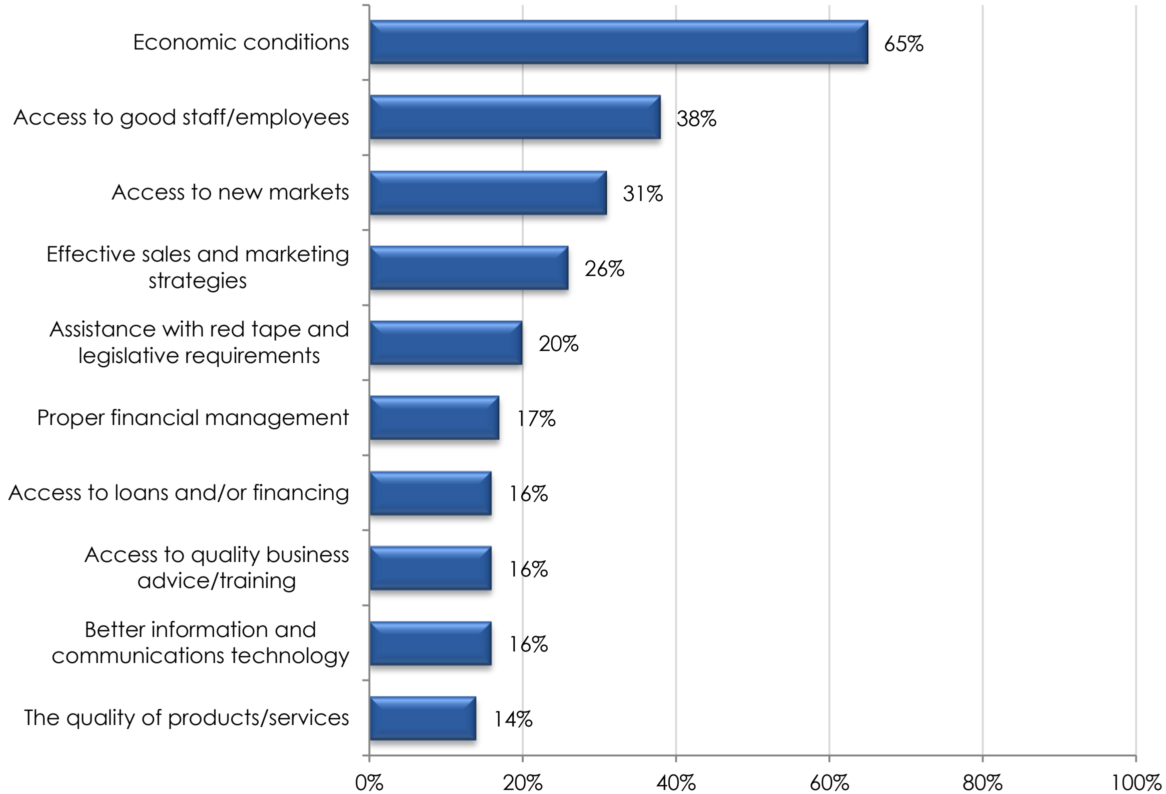
Barriers to success

Barriers to Success

Economic conditions aside, **primary growth inhibitors** are identified as being related to staffing issues, new market access and sales/marketing strategies

Q. Can you please indicate which of the following have been a factor in inhibiting your business growth?



Base n = 400

The identified primary growth inhibitors are all areas where business advisory and training services are able to assist

Internet Services

With 16% of respondents expressing dissatisfaction and 19% only moderately satisfied, small business is identified as being underserviced in terms of Internet speed

Satisfaction by industry	% Dissatisfied	Mean rating
Accommodation, cafe or restaurant	9%	3.73
Health & community services	10%	3.68
Personal and other services	13%	3.63
IT/media/telecommunications	14%	3.61
Property and business services	17%	3.58
Construction	15%	3.54
Retail trade	16%	3.51
Transport, warehousing & storage	19%	3.48
Wholesale trade	24%	3.40
Manufacturing	19%	3.39
Arts and recreation	27%	3.27
Tourism	31%	3.10

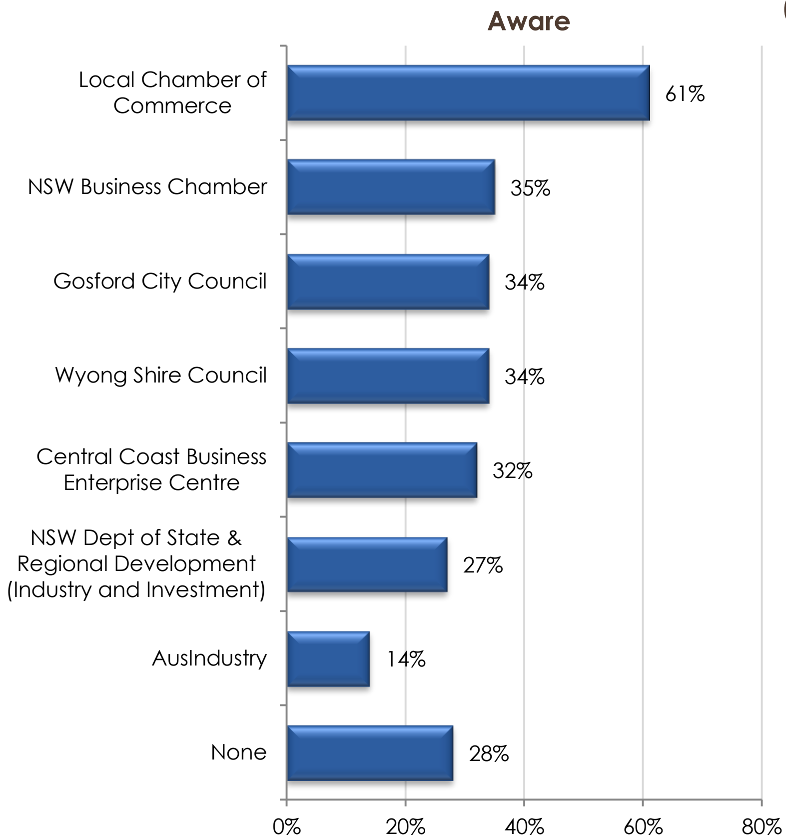
Awareness & Usage of Organisations that assist Small Business

Awareness & usage of organisations that assist small business

88% of businesses had **not** used organisations that assist small businesses on Central Coast (whether or not they were aware of them)

Q. Which of the following organisations are you aware assist small businesses on the Central Coast?
Q. For the organisations you are aware of, have you utilised any of these to assist you with your business?

Younger respondents are identified as more likely to have utilised one of the prompted organisations



Organisation	Aware	Used (Aware of 725)	Used (Overall 1000)
Local Chamber of Commerce	61%	6%	5%
NSW Business Chamber	35%	2%	2%
Gosford City Council	34%	3%	2%
Wyong Shire Council	34%	4%	3%
Central Coast Business Enterprise Centre	32%	5%	4%
NSW Dept of State & Regional Development (Industry and Investment)	27%	2%	2%
AusIndustry	14%	1%	1%
None	28%	83%	**88%**

Base n = 1,000

A significant opportunity exists to increase the profile of local organisations that assist small business

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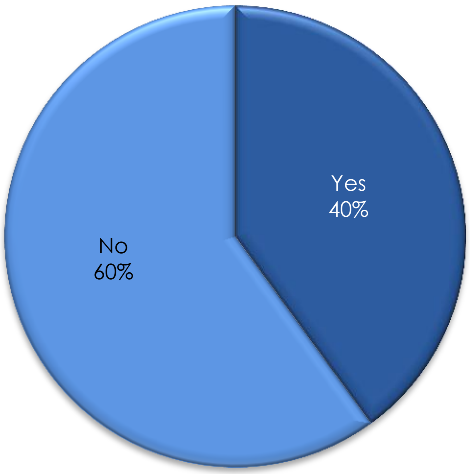
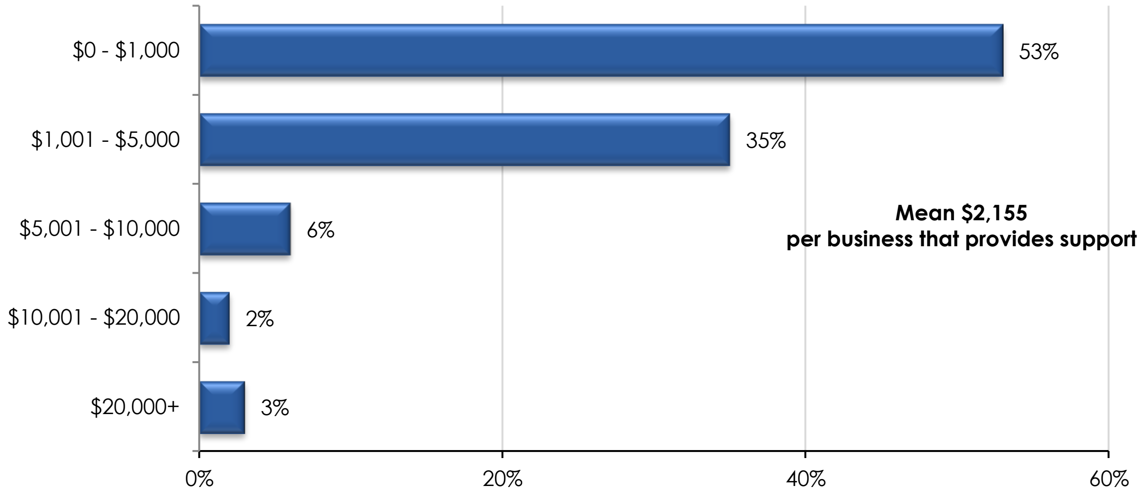
Community Support

Small business is identified as a strong supporter of charities, local sporting or community organisations

Q. Does your business provide support either through in kind product and services or through sponsorship to any charities, local sporting, or community organisations?

Q. What do you estimate the value of this sponsorship or in kind support to be annually?





Those in the creative industry are significantly more likely to support charities, local sporting, or community organisations (54%) than those who are not in the creative industry (46%)

Overall, this represents an average of approximately $862 per business annually

Base n = 1,000

Base n = 384

For businesses who provide support, the average value is $2,155 annually, which represents $862 annually for every small business (equivalent to $18,727,812)

Potential Strategies

Potential strategies

71% of businesses placed a very high level of importance on **government support programs**. Changes or amendments to support programs need to be cognisant of the high level of value small businesses place on these.

Respondents are identified as having very limited awareness of, and usage of, **organisations that assist small business**. A significant opportunity exists to increase the profile of local organisations that assist small business. All opportunities to improve service provision to small businesses should be investigated.

The identified **primary growth inhibitors** are all areas where business advisory and training services are able to assist ie staffing, access to new markets and effective sales and marketing strategies.

With 16% of respondents expressing dissatisfaction and 19% only moderately satisfied, small business is identified as being underserviced in terms of **internet speed**.

Potential strategies

33% of respondents indicated **advertising and marketing strategies** was the primary growth strategy to increase their customer base. There are a number of programs in place already to assist small business.

59% of respondents believed **workshops** to be valuable with marketing and advertising, finance, business management and recruitment of most interest.

35% of respondents believed **business mentoring** to be valuable. The younger the respondent and the younger the business, the more likely business mentoring services are to be seen as valuable.

80% of respondents indicating **word of mouth** was the most effective method of advising of services applicable to their business. Opportunities to increase client referrals and word of mouth recommendations should be investigated.