



# THE SMALL BUSINESS CENTRE PROGRAM

D14/1299

## Background

The revised Small Business Centre (SBC) Program has been developed after consideration of the findings of the review of the SBC Program conducted by Quantum Consulting during the latter part of 2013; and detailed analysis of the SBC program performance and achievements. It also reflects guiding principles designed to balance the best outcomes and service for small business owners against a return on taxpayer funds. These guiding principles are to:

- Create a high performing program that offers a range of continually improving, practical and relevant services;
- Partner with experienced, flexible and professional third party providers;
- Deliver sustainable and measurable outcomes for individual businesses and the sector;
- Build a diverse and effective program across Western Australia that shares resources, knowledge and information.

The revised SBC Program is strongly aligned with the Small Business Development Corporation's (SBDC) core values of:

- **Enterprise** – valuing a culture of enterprise and innovation within the community;
- **Focus** – acting with courage, discipline and clarity of purpose;
- **Independence** – being trusted to act in the best interests of the small business sector;
- **Fairness** – valuing an environment where small business can thrive; and
- **Collaboration** – actively engaging with others to achieve mutual objectives.

## Small Business Centre Program

The revised SBC Program will fund the procurement of business advisory services from organisations with the capacity and capability to provide these services to a high standard. The Program will financially support business adviser's salary, on-costs, mobility and connectivity.

The SBDC recognises that there will be an administration component of the Program and this will be aligned to accepted industry standards of 10% over the 2014/15 transitional year.

As the SBC Program procures business advisory services rather than supporting organisation costs, funding of infrastructure is ancillary and will be phased out over a three year period commencing 2014/15.

The service delivery process of the SBC Program by Organisations is prescribed, ensuring consistency of service delivery across WA.

The shift to procurement of services will require organisations to realign their expenditure and therefore SBDC has in recognition of this, provided transitional arrangements in 2014/15 to assist participating Organisations to make the required changes to their operations. These changes will assist in positioning organisations to compete in a future open market process.

## Objectives

Overall, the vision of the revised SBC Program is to deliver a net economic benefit through the growth of the small business sector in Western Australia. The Program objectives are to:

- i. Build capacity in existing businesses by:
  - Building strong business foundations by focusing business advisory services on financial management and organisational governance;
  - Improving business sustainability by focusing advisory services on profitability, competitiveness and productivity;
  - Identifying and advising businesses with growth and employment potential; and
  - Encouraging diversification of business activity.
- ii. Achieve quality business start-ups (*regional providers only*) by building strong business foundations by focusing business advisory services on business planning, financial management and business structures.

These objectives will be achieved through providing a high quality advisory service throughout the State.

The revised SBC Program will be aligned with local economic priorities including:

- Linkages to local strategies; and
- Developing and fostering of strong local stakeholder relationships.

## Service delivery

The revised SBC Program will achieve its objectives through a prescribed and structured process. This will involve three steps for business advisers to undertake with clients:

1. Consultation with the business client to understand the relevant threats, opportunities, weaknesses and strengths of their business;
2. Provision of advice on options/solutions which form the basis of an action plan;
3. Monitoring of outcomes that can be measured in terms of the Program's objectives.

Under the SBC Program, the business adviser will be required to actively follow up with clients for the purpose of monitoring the program outcomes.

The SBC Program is focused on person-to-person client contact, which will result in a list of actions developed in conjunction with the client. The program encourages business advisers to meet businesses in-situ, conducting site visits where practical and follow-up by phone/email where appropriate.

Business advisers are to be employed, contracted or a mixture of both to deliver the SBC Program. They must have appropriate levels of business experience and acumen to be able to deliver the required high calibre service.

The following criteria are essential for the appointment of business advisers:

- Substantial and contemporary business management experience, knowledge and skills relevant to small business and small business counselling;
- Qualifications and skills sufficient for that individual to be able to deliver the range of services specified in the SBC Program contract.
- A commitment to continuous improvement through professional development and attendance at professional development days organised by the SBDC.

Desirable criteria for appointment are:

- Formally qualified in a business-related discipline; and
- Having owned and operated a small business.

The service delivery for the SBC Program is separated into metropolitan and regional areas.

### **Metropolitan service delivery**

The SBC Program in the metropolitan area will be delivered through two different but integrated channels. The first component of the enhanced SBC Program is aimed at existing businesses – with a focus on face-to-face client contact, leading to actions for the clients to complete. It will empower business owners with the skills and knowledge to allow them to effectively analyse their business practices and financial position. Delivery will be highly dependent on advisers being mobile and flexible with a willingness to meet with small business clients at a time and place convenient to the client. The second component will focus on intender/start-ups businesses; this will be serviced primarily by the SBDC.

In the metropolitan area third party providers are encouraged to refer intender/start-up clients to the SBDC and the SBDC will endeavour to refer existing businesses to the third party providers in their local area.

### **Regional service delivery**

The SBC Program in regional areas will focus on existing business – with an emphasis on face-to-face client contact, leading to actions for the clients to complete. It will empower business owners with the skills and knowledge to allow them to effectively analyse their business practices and financial position.

Delivery will be highly dependent on advisers being mobile and flexible with a willingness to meet with small business clients at a time and place convenient to the client. The Program will also deliver business advisory services for intender/start-up businesses. The focus will be on providing high quality advisory services to assist the client in making well informed decisions, including the decision about whether to proceed with their business concept, stay in current employment or alter their business model.

## Measures

The measures for the SBC Program include both activity and outcome metrics.

A greater focus on measuring the outcomes of the SBC Program will provide the SBDC with an indication of the impact and success of the Program on business and the local economy. Measuring the outputs of the SBC Program will give an indication of the performance of the Organisation, including where and how resources are being focused.

In keeping with the State Government's focus on Aboriginal economic development, all outcomes and outputs are to be recorded separately for Aboriginal and non-Aboriginal clients.

## Outcomes

- Increase in business turnover (aggregate dollar value);
- Number of newly created positions, plus aggregate dollar value of these positions;
- Capital investment into business (aggregate dollar value);
- *Aboriginal businesses only* – number of Aboriginal businesses listed on the Aboriginal Business Directory;
- *Regional only* – number of businesses that have commenced trading, recorded by industry type; and
- *Regional only* – number of start-up businesses still trading 12 months after commencing.

## Outputs

- Number of individual businesses serviced by the SBC Program over the course of a year;
- Number of hours of advisory service provided<sup>1</sup>;
- Number of action plans developed<sup>2</sup>;
- Number of client follow-ups<sup>3</sup>;
- *Metro only* – number of third party providers referring intender / start-up clients to the SBDC; and
- *Aboriginal businesses only* – number of Aboriginal businesses referred to Many Rivers Microfinance, Indigenous Business Australia or the SBDC's Aboriginal Business Development Officer.

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<sup>1</sup> Annual target will be set by SBDC

<sup>2</sup> Annual target will be set by SBDC

<sup>3</sup> Annual target will be set by SBDC

## **Service delivery areas**

The SBC Program will be delivered through a number of third party providers, covering WA. Annexure A indicates the 25 defined service delivery areas across WA.

The SBDC encourages Organisations to consider using their local infrastructure, such as, Regional Development Commissions, Chambers of Commerce, Local Government Authorities or Community Resource Centres.

## **Funding and transitional arrangements**

Funding will be paid on a six (6) monthly basis providing all requirements of the contract have been met to the satisfaction of the SBDC.

In the transitional year (2014/15) the SBDC will allow the following allocations of the total funding for non advisory related service delivery:

- administration expenses – up to a maximum of 20% for this first six months then up to a maximum of 10% for the remainder of 2014/15
- infrastructure expenses – up to a maximum of 13% in 2014/15
- other non advisory costs – up to a maximum of 10% in 2014/15

For the purposes of the SBC Program, infrastructure costs relate to rent and outgoings (eg. rates, power and water).

## **2015/16 and beyond**

It is likely that the service providers of the SBC Program in 2015/16 onwards will be determined by an open market process. Subject to that process, the SBDC will allow the following allocations of total funding for non-advisory related service delivery:

- administration expenses – up to a maximum of 10%
- infrastructure expenses – up to a maximum of 7% in 2015/16; 5% in 2016/17; and no allowance in 2017/18 and beyond
- other non advisory costs – no allowance

Designated Service Delivery Areas

<b>Metropolitan Area</b>		
<p><b>North West Metro</b>                      City of Joondalup                      City of Wanneroo</p>	<p><b>East Metro</b>                      City of Swan                      Shire of Kalamunda                      Shire of Mundaring                      Town of Bassendean</p>	<p><b>Stirling</b>                      City of Bayswater                      City of Stirling                      Town of Cambridge</p>
<p><b>South East Metro</b>                      City of Armadale                      City of Canning                      City of Gosnells</p>	<p><b>South West Metro</b>                      City of Rockingham                      Town of Kwinana</p>	<p><b>Metro Coastal</b>                      City of Cockburn                      City of Fremantle                      City of Melville                      City of Nedlands                      City of Subiaco                      Shire of Peppermint Grove                      Town of Claremont                      Town of Cottesloe                      Town of East Fremantle                      Town of Mosman Park</p>

<b>Regional Area</b>		
<b>East Kimberley</b> Shire of Halls Creek Shire of Wyndham-East Kimberley	<b>Derby</b> Shire of Derby-West Kimberley	<b>West Kimberley</b> Shire of Broome
<b>East Pilbara</b> Shire of East Pilbara Town of Port Hedland	<b>West Pilbara</b> Shire of Ashburton Shire of Roebourne	<b>Gascoyne</b> Shire of Carnarvon Shire of Exmouth Shire of Shark Bay Shire of Upper Gascoyne
<b>Mid West</b> City of Greater Geraldton Shire of Carnamah Shire of Chapman Valley Shire of Coorow Shire of Cue Shire of Irwin Shire of Meekatharra Shire of Mingenew Shire of Morawa Shire of Mt Magnet Shire of Murchison Shire of Northampton Shire of Perenjori Shire of Three Springs Shire of Wiluna Shire of Yalgoo	<b>Central Coastal</b> Shire of Chittering Shire of Dandaragan Shire of Gingin Shire of Moora Shire of Victoria Plains	<b>Wheatbelt West</b> Shire of Beverley Shire of Cunderdin Shire of Dalwallinu Shire of Dowerin Shire of Goomalling Shire of Northam Shire of Tammin Shire of Toodyay Shire of Wongan-Ballidu Shire of Wyalkatchem Shire of York

<p><b>Central Wheatbelt</b>  Shire of Kellerberrin  Shire of Koorda  Shire of Merredin  Shire of Mt Marshall  Shire of Mukinbudin  Shire of Nungarin  Shire of Trayning  Shire of Westonia  Shire of Yilgarn</p>	<p><b>Eastern Wheatbelt</b>  Shire of Brookton  Shire of Bruce Rock  Shire of Corrigin  Shire of Kondinin  Shire of Kulin  Shire of Narembeen  Shire of Pingelly  Shire of Quairading</p>	<p><b>Wheatbelt South</b>  Shire of Cuballing  Shire of Dumbleyung  Shire of Lake Grace  Shire of Narrogin  Shire of Wagin  Shire of Wandering  Shire of West Arthur  Shire of Wickopin  Shire of Williams  Town of Narrogin</p>
<p><b>Goldfields</b>  City of Kalgoorlie-Boulder  Shire of Coolgardie  Shire of Laverton  Shire of Leonora  Shire of Menzies  Shire of Ngaanyatjarraku  Shire of Sandstone</p>	<p><b>South East Coastal</b>  Shire of Dundas  Shire of Esperance  Shire of Ravensthorpe</p>	<p><b>Great Southern</b>  City of Albany  Shire of Broomehill-Tambellup  Shire of Cranbrook  Shire of Denmark  Shire of Gnowangerup  Shire of Jerramungup  Shire of Katanning  Shire of Kent  Shire of Kojonup  Shire of Plantagenet  Shire of Woodanilling</p>
<p><b>South West</b>  Shire of Augusta-Margaret River  Shire of Busselton</p>	<p><b>Warren Blackwood</b>  Shire of Boyup Brook  Shire of Bridgetown/Greenbushes  Shire of Manjimup  Shire of Nannup</p>	<p><b>Bunbury Wellington</b>  City of Bunbury  Shire of Capel  Shire of Collie  Shire of Dardanup  Shire of Donnybrook-Balingup  Shire of Harvey</p>



<b>Peel</b> City of Mandurah Shire of Boddington Shire of Murray Shire of Serpentine-Jarrahdale Shire of Waroona		
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