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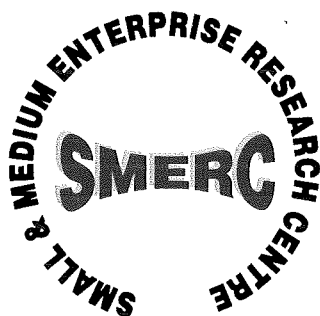
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Helping and Servicing Regional Small Businesses

An Evaluation of the Business Grow Program
in the South West Region of Western Australia

Xueli Huang Alan Brown
Robyn Morris Barry Chapman



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BUSINESS GROW

in the South West Region of Western Australia

Xueli Huang Alan Brown

Robyn Morris Barry Chapman

Small and Medium Enterprise Research Centre
Edith Cowan University

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Foreword

In October 1997 the Edith Cowan University was invited to evaluate the performance of the Business Grow Program. The program commenced on July 1, 1995, and its evaluation, scheduled to be completed by April 1998, has been undertaken to assess the performance of the Program since its instigation.

The evaluation team has relied substantially on information provided by small business owners, local government representatives, industry associations, and the manager of the Program. The evaluation team would like to thank Kate Loughton for her assistance in facilitating the administration of this project.

The evaluation was undertaken by Small and Medium Enterprise Research Centre (SMERC). The team consisted of Dr Xueli (Charles) Huang, Post-Doctoral Research Fellow at SMERC, Associate Professor Alan Brown, Director of SMERC, Barry Chapman, Graduate and Higher Degree Coordinator, and Robyn Morris, Senior Lecturer in Faculty of Business and Head of Business Program, Bunbury campus.

SMERC is the principal research centre in the Faculty of Business at Edith Cowan University and harnesses the SME expertise of the staff in the Faculty.

April 1998

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Abbreviations

AOD	Australia On Disk
BEC	Business Enterprise Centre
BGP	Business Grow Program
CCI	Chamber of Commerce and Industry
CDATA	Census Data from the Australian Bureau of Statistics
DEETYA	Department of Employment, Education and Youth Affairs
DCT	Department of Commerce and Trade
LBEC	Leschenault Business Enterprise Centre
NEIS	New Enterprise Incentive Scheme
NIES	National Industry Extension Service
OLMA	Office of Labour Market Adjustment
SBA	Small Business Awards
SBDC	Small Business Development Corporation
SBIP	Small Business Improvement Program
SME	Small and Medium Enterprises
SWAN	South West Awards Network
SWDC	South West Development Commission

Introduction

Background and Terms of Reference

Background

The Business Grow Program (BGP) was launched on July 1, 1995. It was aimed initially at providing free consultation and services to the small businesses operating in the Bunbury/Wellington areas of the South West region in Western Australia.

With reductions in tariffs worldwide, regions, rather than countries, are becoming the units of competing in the world. Australia is no exception to this. Regional economy has played an increasingly important role in the Australian economy. In Western Australia, for example, although there is only 27.7 per cent of population living in the regions, their employment and GDP accounted for 29 and 33.7 per cent respectively of the State in 1994 (Department of Commerce and Trade, 1995). Taking these into consideration, GDP per capita in the regions was 133 per cent of that in the Perth metropolitan area in 1994. Since the early 1990's, there has been a renewed recognition, both from Federal and State governments, of the importance of regional development to the Australian economy (Bureau of Industry Economics, 1994; Industry Commission, 1993; McKinsey & Company, 1994; Wilson, 1990). Support to SMEs has been identified by the OECD (1997) as a driving force in securing both national and economic well-being.

It is worthwhile mentioning the findings from the McKinsey and Company Report (McKinsey & Company, 1994), commissioned by the then Federal Government, on the key success factors of regional growth and development. The Report found that the most critical driving force of regional development lies in leadership of both business and community in the region. To develop the leadership, the Report recommends, amongst other things, that management skills be built on site based on practical demonstration.

The establishment of the BGP can be largely regarded as one response to this renewed recognition. It aims primarily to develop business leadership in the South West region by providing free visitation services to local businesses, particularly small

businesses. The program has been operating for two years and nine months since its establishment and has provided over 3,000 client contacts to regional business operators.

Terms of Reference of the Evaluation

There are two broad criteria widely used for evaluating business support service programs: effectiveness and efficiency. The effectiveness of the program addresses primarily two key issues: 1) whether the objectives of the Program have been achieved; and 2) how well has the program contributed to these achievements. The efficiency of the Program mainly deals with the ratio of its outputs and inputs. While inputs of the Program can be measured in monetary terms, outputs of the Program are usually difficult to assess. In this project, we have examined the outputs from two perspectives: 1) activities implemented; and 2) the clients' satisfaction and their business performance. The prime objectives of the BGP can be summarised as the following:

- To link various government business assistance, training and employment programs to businesses in the region, and to provide industry's feedback to the government;
- To facilitate leadership development through the provision of relevant management training and the coordination of various awards;
- To assist improvement and growth of regional businesses
- To provide on-site services to the local business community.

Exhibit 1 Main objective of BGP

The prime objective is to provide an important broker service for small businesses to access appropriate and relevant assistance in the course of developing their businesses, such as: Government programs, business improvement strategies, training programs, private professional, networking, access to information and databases and access to industry organisations.

The quality of implementation is also considered as another important aspect for evaluating a program. To ensure a high standard of quality in implementing the program, the competency of the program managing agent should also be evaluated. Taking into consideration all three criteria mentioned above, discussion with the manager of BGP and the main objectives of the BGP, the Terms of Reference, were set as follows:

1. Assess the effectiveness of linking various Government programs and activities, through BGP, to the regional businesses, particularly to small businesses.
2. Analyse and evaluate the efficiency of the program in terms of the services provided to, and the impact of the program on, regional business.
3. Assess the level of the internal competency or capacity of the management agency of the Program.

Therefore, the primary objective of this evaluation report is to examine and assess the interim outcomes of the BGP to aid judgement about its effectiveness, efficiency and the extent to which this initiative have met its objectives.

History of the Program

BGP was established in July 1995. In the 1995/96 financial year, it received total funding of \$71,100 from three organisations: the Bunbury Chamber of Commerce and Industry (50%), DEETYA (25%), and the SWDC (25%). One full-time manager was appointed and the Program operated as a small business service unit in tandem with other organisations, such as the Bunbury Chamber of Commerce and Industry, SWDC, and four BECs in the South West region.

The program continued receiving funding from the Bunbury Chamber of Commerce and Industry (\$30,000) and the SWDC (\$24,000) in the 1996/1997 financial year. The Program began receiving funding from the private sector (Millennium Inorganic Chemicals) due to its performance and the active marketing effort of the program manager.

Year three (1997/1998) saw some changes in operating the Program. The previous manager of Leschenault BEC left in January 1997 and the management committee of the Program was asked by the SBDC to take over the Leschenault BEC. This resulted in an appointment of the Program manager as Leschenault BEC manager in March 1997. Since then, the Program manager has worked as the manager of Leschenault BEC and the BGP has become a service provided by Leschenault BEC. The funding structure also had some changes in the 1997/1998 financial year. It received a total funding of \$86,250. Although Government bodies were still the main financial sponsors with \$30,000 (34.8%) from the SWDC and \$30,000 (34.8%) from DEETYA/OLMA, the regional private business sector continued funding the BGP with \$13,250 (15.4%). The Program also secured funds for organising seminars (\$4,000, 4.6%) and through sponsorship of Telstra Small Business Awards (\$4,000, 4.6%). In addition, the BCCI offered \$5,000 (5.8%) for the Program.

Methodology and Outline of the Report

To evaluate the program objectively and reliably, a multi-method approach was adopted. Various documents and materials relevant to BGP were firstly collected, including the Strategic plan, Client Contact Log, Monthly and Quarterly Business Grow Reports, annual reports, functions and seminars organised or assisted by BGP, and Funding Applications. The Client Contact Log especially contained very rich information about most of the activities undertaken by the manager of the Program. There were 2,207 client contacts recorded from July 1, 1995 to March 9, 1997 and 767 contacts from March 10, 1997 to October 25 1997. Textual data in these 2,974 contacts were coded and analysed.

In addition to the analyses of the secondary data, a questionnaire relating to the importance and usefulness of the program was developed and distributed to all participants in the program in the current client database (324). This resulted in 87 useable questionnaires¹. The profile of the respondents and their businesses were shown in Table 1. An overwhelming majority of the respondents are either owners/managers, proprietors or partners. They were based in Bunbury (n = 65), Collie (5), Capel (4), Busselton (2), Augusta (1), Brunswick (1), Dunsborough (1),

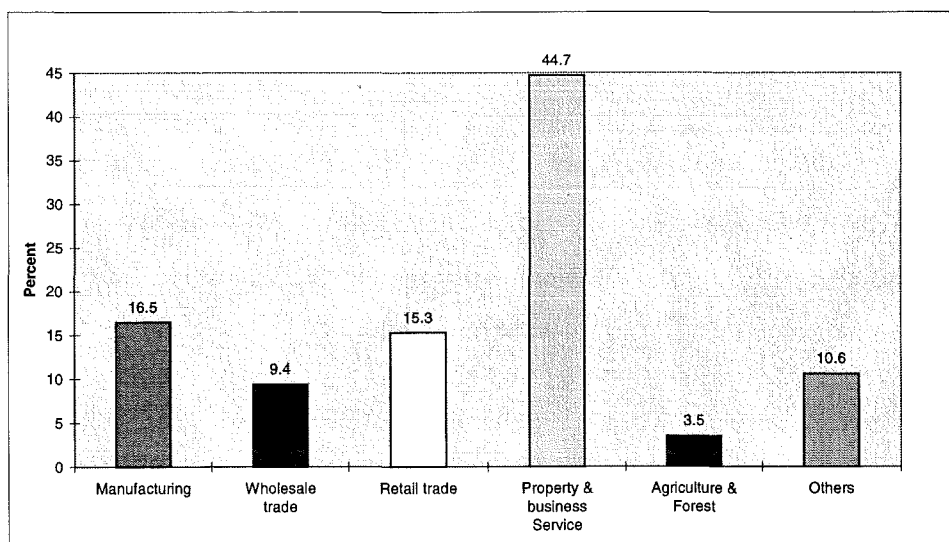
Mandurah (1), Manjimup (1), Nannup (1), Picton (1) and Willyabrup (1). In addition, the majority of the respondents are male (74.7%).

Table 1 The Profile of the Respondents and Their Businesses

Age	%	Highest educational level	%	Employment (full-time)	%	Turnover (96-97)	%
<25	2.3	Secondary	20.7	1-5	60.3	< 0.1 M	6.8
25-30	8.0	Tradeperson	18.4	6-19	23.3	0.1 - 0.5 M	28.8
31-40	34.5	TAFE	21.8	20-50	19.6	0.5 - 1 M	28.8
41-50	41.4	University degree	39.1	100+	2.8	1 - 5 M	22.0
50+	13.7			Mean	15.7	>5 M	13.6

As can be seen from the Table 1, most of the respondents (97.2% at least) can be classified as small and medium-sized businesses based on the size of their employment. The industrial profile of the respondents' businesses is shown in Figure 1.

Figure 1 The Industrial Profile of the Respondents' Businesses



In this report, the economic justification and the role of the Program is first described discussed briefly. Then, the main activities undertaken by the program are outlined. Next, the program based on the activities carried out is assessed. After this, the Program is evaluated from the perspective of its clients' satisfaction and their business performance. Conclusions are subsequently drawn based on the findings. Finally, suggestions for the future of the Program are presented.

Justification and Role of the Business Grow Program

Rationale of the Program

The South West is the most important region in Western Australia in economic terms. In the 1994/95 financial year, its GDP was \$3,022 million. This was the largest amongst the nine regions in WA and accounted for 6.4% of the GSP (Gross State Product). Small and medium sized businesses have been a very important driving force of the regional economy. Based on the database of Australia On Disk, it is estimated that there were 4,028 businesses in the Bunbury/Wellington area and 7,544 in the entire South West region in 1997. Among them, over 95 per cent are small businesses. There are approximately 26,100 people employed in the small business sector in the region.

It is well acknowledged that regional small businesses have been an important driving force of the national economy in Australia. Recent national survey findings show that small businesses accounted for about 95% of all businesses in Australia (ABS, 1996). Small businesses suffer from several disadvantages because of their size and limited resources, although they have many advantages over their rivals, such as a simple management structure, an innovation-oriented management style, a closer relationship with their customers, and flexibility in production. Regional small businesses, particularly, not only have those disadvantages caused by their size and limited resources, but also suffer from some unique disadvantages because of their geographic location often being far away from metropolitan areas.

From an economic viewpoint, the disadvantages attributable to geographic location can be identified in the following three areas: infrastructure, firms and market. In terms of infrastructure disadvantages, regional small businesses are usually impaired owing to a shortage of skilled people, high costs in transportation and communication.

From the perspective of firms, recent research (Morris & Huang, 1998) found that regional small business operators have experienced a more severe deficiency of management knowledge. In addition, inter-firm relationships, which are a very important part of learning, are harder to establish and maintain because of the geographic spread of firms. Evidence also suggests that it is very costly for regional

small business operators to obtain professional consulting services. Moreover, regional small business owners are more reluctant to adopt new information technology, because of its high establishment costs.

From the market point of view, costs in obtaining various types of information, such as business related information and government assistance programs, tends to be much higher than those located in Metropolitan areas. Probably one of the most severe disadvantages the regional businesses suffer is the size of market. The small market size not only threatens their survival and constrains their growth, but also shies away many potential business investments (McKinsey & Company, 1994), one of the key driving forces of regional economic growth.

The imperfect functioning of infrastructure, market, and firms in the regional areas, combined with the large proportion of employment in the small business sector may well justify economically and socially government assistance to regional small businesses.

Role of the Business Grow Program vis-a-vis Other Relevant Government Organisations and Government-Funded Organisations in the Region

It may become clearer to judge the relevance and appropriateness of the Program by comparing and contrasting its role with those played by other government or government-funded business support services in the South West region. How well does the Business Grow Program complement other roles played by other relevant organisations? What is the uniqueness of the BGP? Answering these questions helps to complete the position of the Program.

Currently, there are broadly two types of organisations serving regional businesses: government and non-government organisations. In the South West region, the South West Development Commission (SWDC), established by the Regional Development Commission Act in 1993, is by far the most important Government regional development organisation in the area. It aims primarily to maximise job creation, to develop and broaden the economic base, and to provide access to government services (South West Development Commission, 1997). Therefore, it acts at the regional

'macro-level' to serve the whole business community. It provides, however, only limited services or consultation to individual, particularly small, businesses.

Business support services at the micro-level in the region are non-government organisations, such as Business Enterprise Centres (BECs) and the Chambers of Commerce and Industry (CCI). With limited financial and human resources, CCIs only focus their efforts on serving their membership, which usually accounts for one quarter of the regional existing business. CCIs' services include training, networking, and providing mentors to their membership.

The BECs offer their services to all existing and potential businesses and are provided with core funding by the SBDC in WA. They provide an in-office consultation and visitation service. There are five BECs in the South West region: Leschenault (Bunbury), Margaret River, Busselton, Manjimup, and Collie. Although the number of businesses within the area of each BEC varies significantly, ranging from 4,028 (53%) for Bunbury, 1,468 (19%) for Busselton, 1,037 (14%) for Manjimup, 585 (8%) for Margaret River, and 426 (6%) for Collie, each BEC has been uniformly funded (\$50,000) annually regardless of the number of businesses to be served in its jurisdiction. Given the limitation of funding, many BECs have to offer some paid-services to make them financially survival.

Since the Leschenault Business Enterprise Centre (LBEC) is where the BGP is housed, the role played by this Centre warrants more detailed explanations. Bunbury is the most populated centre in the region. The number of businesses requiring services in the City of Bunbury and its surrounding satellite towns and rural communities is far greater than those served by other BECs in the region. In addition to this workload, LBEC needed to offer a variety of income-generating services, such as managing DEETYA New Enterprise Incentive Scheme and consulting DEETYA Self Employment Development Clients until late 1996 to cover its operating expenses.

Given the heavy workload required to adequately service the local businesses, coupled with the means by which it was funded and operated, LBEC chose to focus on catering for the needs of newly established businesses and on assisting the unemployed. The implication of this emphasis was that the LBEC was unable to

adequately address the existing needs of local businesses. This was particularly true to problems relating to business growth and improvement. Operationally, in-office consultation had become the LBEC's dominant approach to serving local business operators due to its greater time efficiency.

Overall, the primary role of the BGP has been to focus on the issues of growth and development of existing regional small businesses. It mainly provides an outreach as well as in-office consultation services. Thus, its role is unique and complementary to that of LBEC in terms of its target market and the way it operates.

Staff from government and non-government business support organisations in the region, such as the SWDC, BCCI, LBEC have worked with the Program manager to deliver a coordinated effort to the local business community. In addition to serving small businesses within the Bunbury area, the Program has provided its service to small businesses in the greater region.

Exhibit 2 Role of the Business Grow Program

- Outreach service for South West Business
- Facilitating business leadership in the South West
- Promoting tools for development and growth in the region

Activities Undertaken by the Program

Before starting to describe the activities undertaken by the Program, a brief outline of some key characteristics of regional small business operators may be helpful to assisting understanding why and how the Program has been operated.

It has long been recognised that most small business owners start their business as self-employment with little management knowledge. As their businesses grow, their needs for consultation, assistance and training have become increasingly crucial to their business successes. However, because most small business owners are very busy with their work, this has often imposed an insurmountable barrier for them in accessing external support. The geographic location and spread of regional small business has worsened this situation. Moreover, small business owners usually find

those timely, practical or hands-on services more valuable (McKinsey & Company, 1994).

In general, BGP is a free confidential service for small business in the South West region. Currently, it provides a wide range of services to the local business community. The key services include assisting small business owners to access various government business support schemes such as SBIP and NIES, coordinating various government awards in small business areas, such as the Telstra State Small Business Awards, consulting local small business managers and operators, and facilitating management training. The Program manager spends a considerable time communicating useful information to local businesses, referring these businesses to various relevant government or business organisation, and networking the local businesses.

Specifically, the activities undertaken by the Program manager can be classified into the following groups: marketing BGP, coordinating various awards in small business areas, consulting, assisting, referring, disseminating business-related information, understanding, networking, representation, and training.

In addition, the program manager has published and distributed a monthly newsletter (Business Grow Report) to local businesses, and written many business-related articles (Business Matters) for the local newspaper - South West Times.

Assessment of the Business Grow Program to Date

The assessment of the performance of the Business Grow Program was conducted from two perspectives. First, the Program was evaluated by examining the activities it has carried out. Second, the program was assessed by investigating its impact on the its clients' business performance and their satisfaction with the Program.

Business Grow Program's Activities and its Achievements

Overview

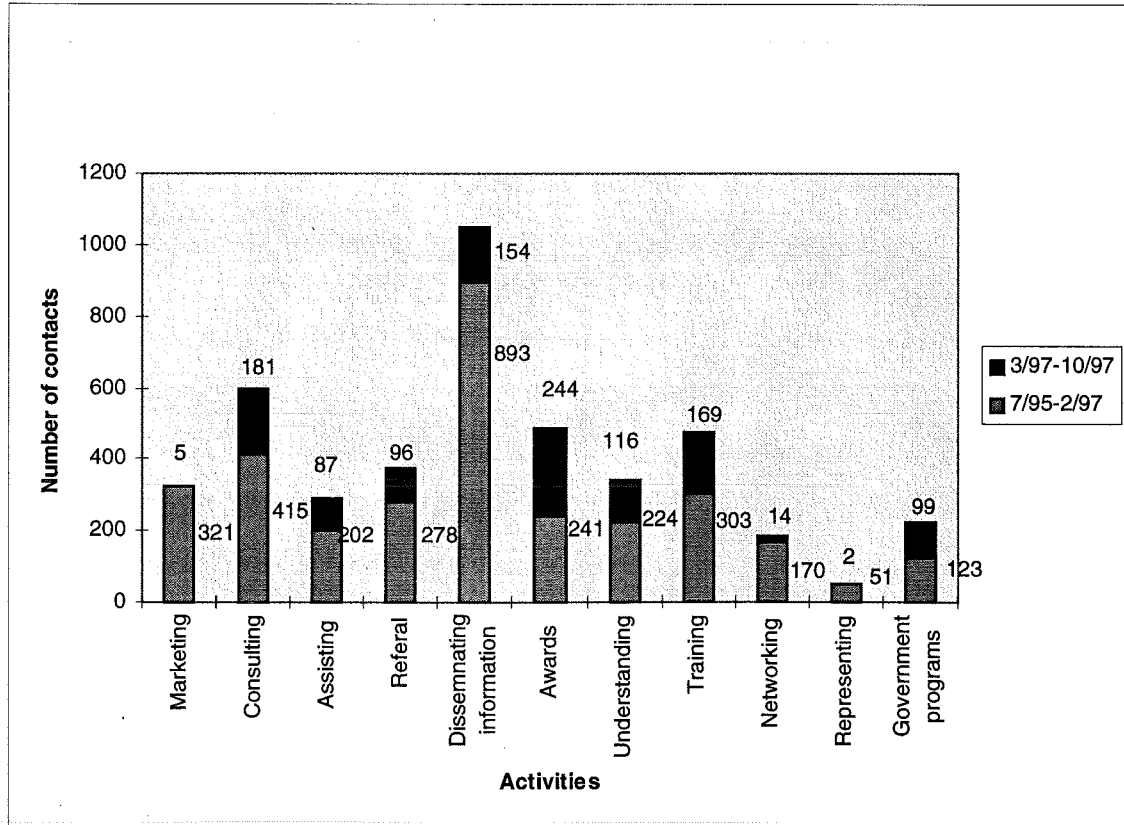
As mentioned previously, the activities undertaken by the BGP manager can be broadly classified into three groups: business contacts, training, and communication (writing and distributing BG Reports and publishing articles in the regional

newspaper). This section presents the results based on the analyses of the Client Contact Log and other relevant materials provided by the BGP manager.

Business Contacts

A detailed review of information contained in the two sets of databases has enabled a classification of the activities the Program carried out. Based on the preliminary content analysis, 11 activities groups were identified. The detailed activities incorporated within each group were described later in this subsection. From 1 July 1995 to 9 March 1997, the program made 2,207 business contacts. A total of 767 contacts were made between 10 March 97 and 24 October 1997. These contacts were coded and the results are shown in Figure 2. Because a significant proportion of the contacts involved the provision of multiple activities, the combined number of these contacts for activity codes is 4,388. It is also estimated from the information gathered that over 1,000 businesses in the SW used the services offered by the Program since its launch in 1995.

Figure 2 Classification of Activities: July 1995 - October 1997



Based on the information contained in the database, these contacts may last from just a few moments, such as a quick telephone call, to several hours for counselling. This did not include the outreach travel time. According to the information available in the second database, among the 767 contacts made from 10 March 1997 to 24 October 1997, a total of 274 (36%) contacts have been made on the client's sites .

To link these activities to the three evaluation objectives, it is helpful to further group these activities into three broad categories. The first category involves activities related to facilitating access to various government business support programs and developing regional business leadership skills. These activities can be regarded as being more public-benefits relevant. Thus, within this category are *government programs* and *award* groups of activities. The Government programs include SBIP, NIES, Mentor Scheme and other assistance programs from AusIndustry, Department of Commerce and Trade of WA, OLMA and Austrade. The awards are Telstra Small Business Awards at the State and regional levels, and Young Achievers Award.

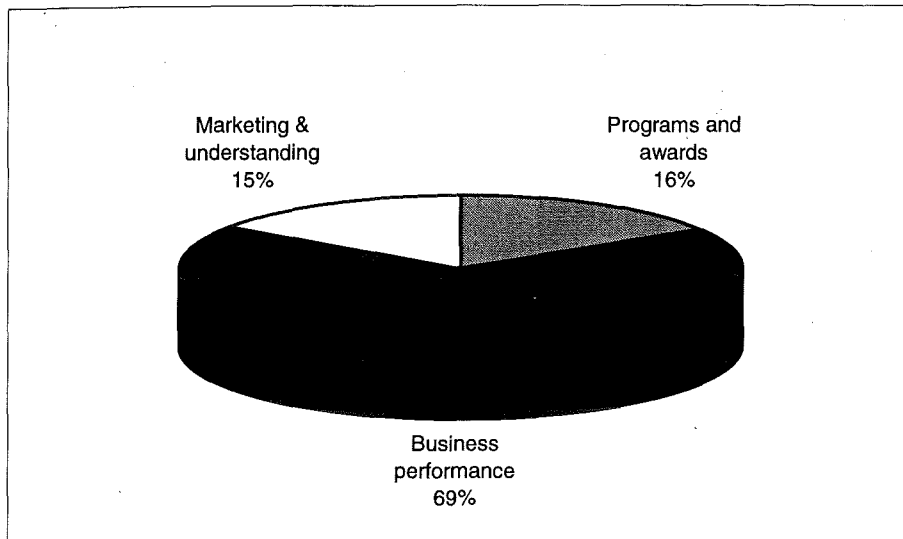
The second category involves activities related to client business performance. These are *consulting, assisting, training, networking, referring, disseminating information, and representing*.

- Consulting here refers to as those assistance activities and services which are based on the BGP manager's knowledge and expertise, such as providing market information, offering marketing know-how and proposing business planning procedures to clients.
- Assisting here covers activities that are action-based. It includes helping to conduct information searches on the Internet and various databases, such as AOD, REBUILD, CDATE and BIZLINK and preparing marketing information for clients.
- Training consists of all activities relating to coordination, facilitation and marketing activities of seminars, information sessions and short courses.

- Networking is defined here as those activities that facilitate local businesses to connect themselves to various business associations and networks, such as CCI and South West Awards Network (SWAN).
- Referring here is comprised of those activities that recommend or guide business operators to relevant government organisations and/or other businesses to seek further information and/or advice if desired. These government organisations include DCT, Austrade and AusIndustry. The businesses are often referred to local CCI and some specialised consulting firms, particularly in the legal area.
- Disseminating information refers to those activities that pass business-related materials and/or information to local business operators. The materials and information include South West Project Report, and relevant books, brochures and publications.
- Representing is defined as those activities through which BGP manager is regarded by business operators as an avenue to raise concerns about their business and those activities for which the BGP manager acts as a representative to express these concerns to the relevant organisations involved. The areas of concerns cover strategic alliances, employment, and regulations.

Marketing and *understanding* constitute the third category. This relates to the Program and its manager. Marketing here refers to those activities that promote awareness, availability and benefits of BGP to the regional business community. The distribution of the Business Grow Report is very important in this respect. Understanding covers those activities involving communication between the BGP manager and business operator whether on site or in the office of the BGP manager. These activities not only greatly enhance the understanding of what the local businesses need, but also promote the awareness of BGP services amongst the local business owners. The proportion of activities for each of these three categories are shown in Figure 3.

Figure 3 Percentage of Three Categories of Activities



Training

Given the purposes of the BGP, one of which is to improve business performance, the organisation of training activities and the coordination business information sessions and functions are important aspects of the Program. From July 1995 to October 1997, the BGP manager organised and coordinated 106 training courses, information sessions and business functions. These training courses included areas in Quality Audits and Management, General Small Business Management, Business Planning, Marketing, Occupational Health and Safety, Employment, Networking, Taxation, Export, and Leadership. To ensure the relevance of the training courses to local business needs, questionnaires are distributed by the BGP manager to local business operators twice a year. More importantly, the most wanted training courses can be delivered within 3 months of identification of the need.

Business functions and information sessions can be regarded as other forms of training activities. They usually aim to communicate important business information to the local business community and to develop leadership skills for local business operators. These functions and information sessions include Small Business Awards, International Business Week, and joint projects with the Industry Development Adviser at the SWDC such as State Supply and Industry Briefing. The detailed number of functions and seminars conducted through BGP are displayed in Table 2.

Table 2 Number of Functions and Seminars and Their Participants

Year	1995 (July-Dec.)	1996	1997 (Jan.-Oct.)	Total
Functions and Seminars	16	33	57	106
Number of participants	778	1,405	1,962	4,145
Of them:				
Seminars	7	25	41	73
Number of participants	157	734	895	1,786

Communication

Since May 1996, the Program manager has published and distributed a monthly newsletter (Business Grow Report). Each issue of the BG Report has four pages and typically plays several roles, such as promoting the BG services, announcing on-coming training courses and business functions, and informing businesses about new government business assistance schemes. Each issue of the BG Report has been distributed to 367 local business, 229 by hand delivery and 138 by mail, and to a further 400 companies in conjunction with the Industry Development Adviser at the SWDC. So far, 20 issues of the newsletter have been distributed.

In addition, the BGP manager has been writing articles weekly for a column titled "Business Matters", published in a local newspaper, South West Times. These articles not only play a similar role to the BG Report, but also disseminate information on how to deal with management issues, such as employing staff, marketing, and successful business secrets. To date, 150 articles have been published in the newspaper.

Business Grow Program's Outputs and Client Satisfaction

In this subsection, findings from the client questionnaire survey are presented. Corresponding to the evaluation objectives, the findings have been grouped into four categories: public benefits, business performance and client satisfaction, effectiveness of the activities, and competency of the BGP manager.

Public Benefits of the BG Program

From Government's point of view, any Government funded business support program should, to varying degrees, produce benefits to the public. Some of these public

benefits can be measured in terms of employment growth and increased access to government programs, as these may increase the effectiveness and efficiency of the programs themselves. Therefore, some questions in the survey questionnaire were designed to collect information on employment growth and its relationship to participation in the BGP. The results show that the majority of respondents (59.7%) indicated they have increased the number of full-time employees, compared with those in the 1994/1995 financial year. Also 28.8 per cent and 29.6 per cent of the respondents reported they have increased the number of part-time and casual employees over the past three years. The detailed results are shown in Table 3.

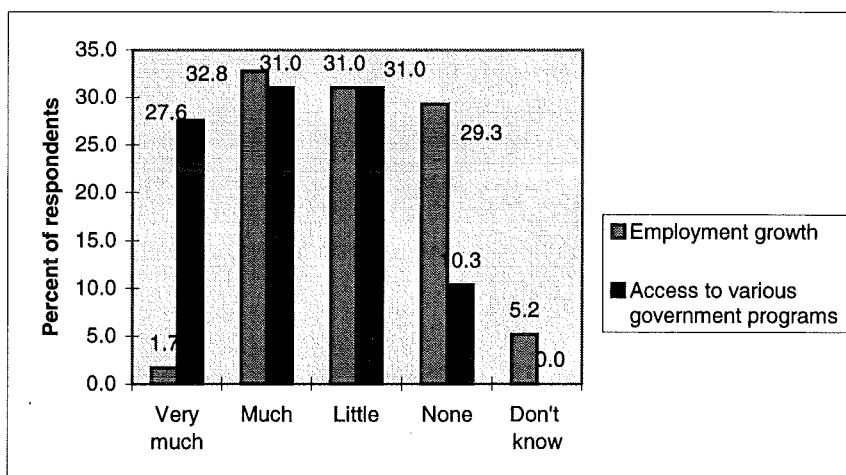
Table 3 Changes of Employment Over the Past Three Years (1995-1998)

Change in employment	Full-time	%	Part-time	%	Casual	%
Increased employment	46 (by 217)	59.7	22 (by 88)	28.6	24 (by 133)	29.6
No change in employment	22	38.6	53	68.9	53	65.4
Decreased employment	9	11.7	4	5.2	4	4.9
Missing	10		10		6	

Although it is impossible to establish a causal link between employment growth and BGP due to the evaluation method used, some association appears evident between the Program and employment growth in the respondents' businesses.

How much has the BGP contributed to employment growth? Nearly two third (65.5%, Figure 4) of the respondents expressed that the BGP had positive effects on

Figure 4 Contribution of the BG Program to Employment Growth and Access to Government Programs



Note: 23 and 21 respondents respectively indicated these two questions are not applicable to their businesses, and thus they are excluded for calculating the percentages in the figure

their employment growth (very much 1.7%, much 32.8%, and a little 31.0%). With regard to access to government business support schemes, most respondents indicated the BGP helped them to gain this access. Figure 4 shows the results of contributions of the BGP to the employment growth and access to government business support programs.

Impact of the Business Grow Program on Business Performance

To assess the impact of the BGP on the business performance of participating firms, the respondents were asked to indicate their turnover and profit changes over the past three years. Table 4 displays the detailed results.

Table 4 Changes of Turnover and Profit in the Respondents' Businesses

	Turnover	%*	Profits	%*
Increased significantly	n/a	n/a	15	21.1
Increased	49	83.0	33	46.5
About the same	8	13.6	20	28.2
Decreased	2	3.4	3	4.2
Decreased significantly	n/a	0	0	0
Don't know	n/a	n/a	0	
N/A			7	
Missing	28		9	

Note: %* - valid percentage, excluding N/A.

As can be seen from the Table 4, most respondents (83%) reported that their sales increased, compared with the 1994/1995 financial year. Slightly more than two third of the respondents indicated that they increased their business profits (increased significantly, 21.1%; and increased, 46.5%) over the past three years. With particular regard to profits, particularly, 95.8 per cent of respondents reported their businesses being either a break-even or profitable. This result is much higher than the national average (79.3%) (Industry Commission & Department of Industry Science and Technology, 1997), indicating that most of the participating businesses performed much better than the national average.

To compare business performance with other businesses state-wide, the number of the finalists and/or winners can be considered as an objective criterion. Over the past three years, while the businesses in the South West region account for only eight per cent of the total number of the state's businesses, they represent one third of State's

finalists and winners in the Telstra SBAs. The detailed number of the finalists and winners in the Telstra Small Business Awards is shown in Table 5.

Table 5 Number of the Finalists and Winners in Telstra Small Business Awards

	Finalist		Winner	
	WA State	SW Region	WA State	SW Region
1995	18	7	4	2
1996	20	5	4	1
1997	20	8	4	1

It can be concluded overall that businesses in the South West region have performed better than the state average and that most participating businesses have achieved much higher performance than the national average. Again, it cannot be claimed that all these achievements can be attributed to their participation in the BGP, but it is believed that the Program has contributed, to varying degrees, to these performances.

How then does the BGP contribute to the participants' business performance? This can be achieved by taking appropriate management action and/or improving management knowledge. With regard to the actions taken as a result of their contacts with the Program, participants reported that they attended seminars (69%), joined the CCI (62%), improved communication with their clients (45%), and participated in the Telstra Small Business Awards (27%). The detailed results of other actions taken are displayed in Table 6.

Table 6 Actions Have Been Taken or Will be Taken as a Result of Contact With the BG Program

Action	Have taken	Will take
	n (%)	n (%)
Attending workshops	59 (69)	14 (16)
Joining a Chamber of Commerce and Industry	53 (62)	8 (9)
Improving communication with clients	38 (45)	12 (14)
Better marketing of your business	37 (44)	23 (27)
Developing improved record keeping/financial system	36 (42)	8 (9)
Access training	35 (41)	17 (20)
Investigating partnering/alliances with other businesses	23 (27)	13 (15)
Entering the Telstra Small Business Awards	23 (27)	12 (14)
Developing Quality Assurance (or Management) System in your business	21 (25)	22 (26)
Others	8 (9)	0 (0)

To more directly assess the impact of the BGP on the participants' business performance, the participants were asked to rate on a five-point scale the contribution of the BGP to some management areas. As exhibited in Table 7, the areas of the greatest contribution to improving business performance were identified as *Awareness of business improvement ideas and tools* (1.89), *Business planning* (1.97), *Networking* (2.04), *awareness of workplace issues* (2.18), *marketing* (2.20), and *enhancement of your management skills*. Table 7 details the results regarding the contribution of BGP to improving the clients' management knowledge and skills.

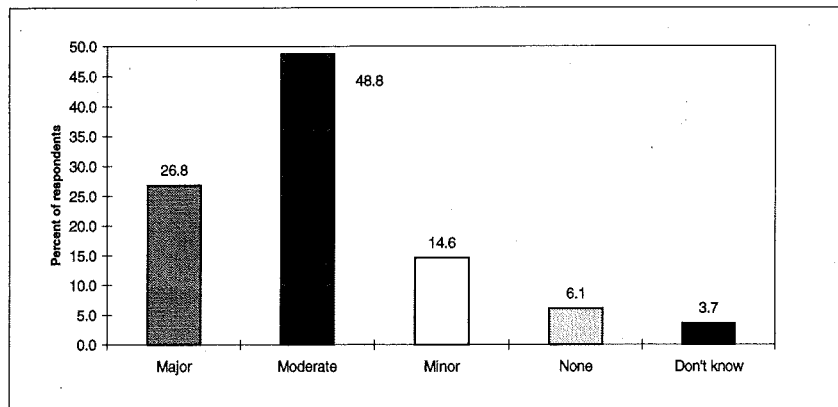
Table 7 Contribution of the BG Program to the Client's Management knowledge and Skills

Business areas	N	1*	2*	3*	4*	5*	6*	Mean	SD	Rank
Awareness of business improvement ideas and tools	80	25	32	11	3	0	9	1.89	0.82	1
Business planning	81	27	18	13	6	1	16	1.97	1.01	2
Networking your business within the community	81	25	22	16	6	2	10	2.04	0.98	3
Improved awareness of workplace issues	80	14	30	16	5	0	15	2.18	0.86	4
Marketing of your business	81	19	26	15	9	1	11	2.20	0.99	5
Enhancement of your management skills	81	16	27	20	5	0	13	2.21	0.89	6
Improved knowledge of business's financial situation	82	18	20	13	11	1	19	2.27	1.07	7
Business improvement and growth	80	13	29	18	7	0	13	2.28	0.9	8
Profitability	80	4	25	26	8	2	15	2.60	0.79	9
Sales growth	81	6	23	20	13	3	16	2.65	0.93	10
Improved lifestyle of owner/manager	80	6	13	20	18	0	23	2.88	0.98	11
Product innovation	81	3	7	12	14	1	44	3.03	0.97	12
Export	79	1	2	6	17	0	53	3.50	0.81	13

Note: 1* = Very much, 2* = Much, 3* = Little, 4* = None, 5* = Don't know, 6* = N/A

Responses of Don't know and N/A are excluded for calculating means and standard deviations.

Overall, an overwhelming majority of participants (90.2%) have expressed that the BGP contributed positively to their business performance (26.8%, 48.8%, and 14.6% for very much, much, and minor respectively), as shown in Figure 5.

Figure 5 Contribution of the BG Program to the Clients' Business Performance


The Effectiveness of Activities of the BG Program

Two questions were included in the questionnaire to solicit the participants' opinions regarding the effectiveness of key activities in the Program. The main purpose was to evaluate each activity to gain insights into the implementation of the program. The detailed results regarding the effectiveness of each activity are exhibited in Table 8.

Table 8 The Effectiveness of Key Activities in the BG Program

	N	1*	2*	3*	4*	5*	Mean	SD	Rank
Coordination of Small Business Awards	85	33	19	2	9	22	1.43	.57	1
Providing business-related information	79	35	28	1	3	12	1.47	.53	2
Help to access government subsidies and services	84	27	23	1	6	27	1.49	.54	3
Information sessions	83	35	30	2	6	10	1.51	.56	4
Business Grow Report/SW Project Report	84	39	36	2	3	4	1.52	.55	5
Workshop and skills training	85	29	32	1	5	18	1.55	.53	6
Assisting identification of opportunities for your business	82	20	28		7	27	1.58	.50	7
Referral to relevant government service	83	22	27	1	8	25	1.58	.54	8
Help marketing of your business: access to database/assistance with brochures etc	83	26	27	3	4	23	1.59	.60	9
Assisting with solving problems in your business	83	21	29	2	7	24	1.63	.56	10
Management training	83	20	32	1	6	24	1.64	.52	11
In BEC/Business Grow office consultation	82	22	31	2	6	21	1.64	.56	12
Assisting identification of opportunities for your business	80	21	28	3	6	22	1.65	.59	13
Visit/s to your business	81	21	34	3	5	18	1.69	.57	14
"Business Matters" column in the South West Times	81	17	44	3	9	8	1.78	.52	15

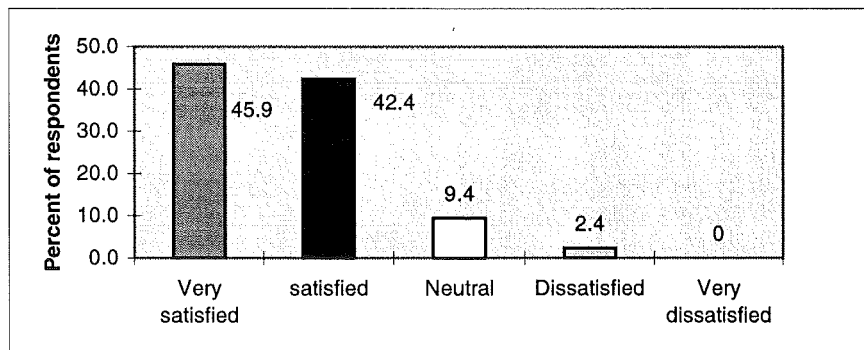
Note: 1* = Very helpful, 2* = Helpful, 3* = Unhelpful, 4* = Don't know, 5* = N/A

Responses of Don't know and N/A are excluded for calculating means and standard deviations.

These results show that almost every key activity listed in the questionnaire is regarded to be very helpful or helpful to the participants' businesses. The three most helpful activities were *Coordination of Small Business Awards* (1.43), *Provision of business-related information* (1.47), and *assistance to assess government subsidies and services* (1.49).

Overall, 88.3 per cent of the participants indicated they were either very satisfied (45.9%) or satisfied (42.4%) with the way the program was implemented. Only 2.4 per cent of participants expressed dissatisfaction. The detailed results are displayed in Figure 6.

Figure 6 Overall Satisfaction of the Participants With the Implementation of the BG Program



The competency of the BG Program Manager

Because some clients may be more aware of the Program manger, Alison Lannin, than merely the name of the Program, a question was placed in the questionnaire asking participants if they know the service provided by Alison to businesses in the South West region. More than 90 per cent (79 out of 87) of the respondents indicated they know of it.

With regard to the quality of each key service provided by Alison and her competency in implementing the Program, all activities were rated highly by the participants. Specifically, the three items that rated best were *Coordinating various awards* (1.37), *Competency in serving your business* (1.40), and *General business knowledge* (1.40). The detailed results are shown in Table 9.

Table 9 Quality of Services and the Competency of the BG Program Manager

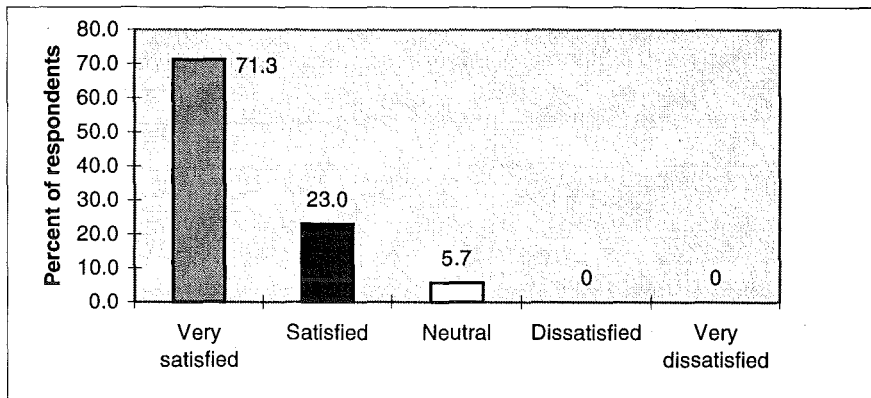
Quality of service	N	1*	2*	3*	4*	5*	6*	Mean	SD	Rank
Coordinating various awards	85	39	23			6	17	1.37	.49	1
Competency in serving your business	82	48	21	4		1	8	1.40	.59	2
General business knowledge	85	48	24	3		4	6	1.40	.57	3
Retrieving business-related information	85	43	20	2	1	4	15	1.41	.63	4
Disseminating business-related information	83	46	24	3	1	1	8	1.45	.64	5
Coordinating training activities	86	38	23	3	1	3	18	1.49	.66	6
Business and government contacts	84	37	24	5		3	15	1.52	.64	7
Assisting you to network in the business community	83	42	25	5	1	1	9	1.52	.69	8
Assisting with problem solving in your business	83	29	26	2		7	19	1.53	.57	9
Coordinating various government programs	85	30	26	1	1	6	21	1.53	.63	10
Encouraging the adoption of best practice	84	29	28	3		4	20	1.57	.59	11
Avenue for you to raise concerns about business growth impediments	86	28	28	1	1	7	21	1.57	.62	12
Ability to assist your business	85	41	25	8	1	1	9	1.59	.74	13
Understanding your business's needs	82	34	26	6	1	2	13	1.61	.72	14
Referring your business to various relevant government and business bodies	86	27	22	7		6	24	1.64	.70	15
Helping develop your leadership skills	84	22	27	6	1	5	23	1.75	.72	16

Note: 1* = Very good, 2* = Good, 3* = Fair, 4* = Poor, 5* = Don't know, 6* = N/A

Responses of Don't know and N/A are excluded for calculating means and standard deviations.

Overall, most participants reported that they were very satisfied (71.3%) or satisfied (23%). Only 5.7 per cent of the participants have expressed neutral satisfaction with the performance of the Program manager and no respondents indicated they were dissatisfied (Figure 7).

Figure 7 Overall Satisfaction with the Performance of the BG Program Manager



Comments on the Program manager were also collected in the questionnaire. A majority of the participants (50 out of 87) provided written comments. Most of the comments are very positive, Words used to describe Alison Lannin were summarised in two important areas: her personality and competency. Table 10 summarises the terms used by the participants to describe the performance of the BGP manager.

Table 10 Words Used to Describe the performance of BG Program Manager

Personality	Words used in the comments
Energetic	"Inspiration person"; "energetic".
Approachable	"I have never had any delay or problem in accessing Alison"; "availability".
Pleasant	"Nice lady", "very pleasant and courteous", "lovely lady"; "courteous".
Committed	"Alison is extremely dedicated and committed"; "I feel as though she would do anything within her powers to help make my business operate better".
Enthusiastic	"Most enthusiastic person"; "an enthusiastic person"; "enthusiastic".
Workaholic	"(Alison) doesn't stop working after 5 pm"; "most hard-working person".
Sympathetic	"excellent at listening and talking".
Competency	
Competent	"Extremely knowledgeable and helpful in all areas"; "extremely helpful"; "an extremely competent person"; "most capable person"; "most knowledgeable person", "a very professional person"; "always professional"; "helpful".
Efficient & effective	"very efficient"; "very effective".
Excellence	"This is a very valuable asset to SW businesses ..., Alison has done an incredible job"; "I can't comment highly enough in regards to Alison's assistance with me and my business. Alison provides an excellent service"; "Excellent service".

Some comments place a direct link between performance of the BG manager and the performance of the regional businesses and individual firm. These comments include:

“Without Alison Lannin, not only our business, but a lot of other business would not achieve the status of the competency of the South West region to be able to perform equal to larger Australian businesses” and “ (Alison) has become an integral part of my business - keeps me well informed and has pertinent advice!”.

Conclusions

The performance of BGP has been presented in terms of the activities carried out, its impacts on its clients' business performance and the level of client satisfaction. The effectiveness of its activities and the competency of the BGP manager from the respondents' viewpoint has been displayed. The appropriateness of the BGP has been also briefly assessed. Based on the findings presented in the previous three sections, conclusions can be drawn about the effectiveness and efficiency of the Program, the BGP manager's competency, and the appropriateness of the Business Grow Program.

Overall Assessment of the Effectiveness of the Program and its Activities

The overall objectives of the BG Program are to link various government business support programs, to assist improvement and growth of regional businesses and to facilitate the development of leadership skills. How effective has the BGP been in meeting these objectives? This assessment has been approached by focusing on the following impact measures:

- participation in government's programs and the Telstra Small Business Awards;
- business performance;
- Training

Participation in Government's Programs and the Telstra Small Business Awards

The BGP manager was found to have devoted a significant amount of her time (16 per cent of the contacts made, Figure 3) to facilitate access to the various government business support schemes and to coordinate the Telstra Small Business Awards. Traditionally, government business improvement programs have been regarded by the business community as being administratively complex and difficult to access. With

the great effort from the BGP manager, the outcomes in this area are tremendous. A total of 89.6 per cent of respondents reported that the Program was helpful in assisting them to access various government schemes (Figure 4). Both findings indicated that the Program manager acted as an important broker of government business support schemes in the South West region. This is also reflected at the activity level with *help to access government subsidies and services* being ranked third by the respondents (Table 8).

Small businesses in the South West region were found to be very active in participating in the Telstra SBA. Businesses from the South West region represented 40 per cent of the State finalists in 1997. Given the fact that only eight per cent of businesses statewide are located in the South West, the percentage of the State finalists in the Telstra SBA from the South West was very high. Much of this success has been attributed to the implementation of the BGP. More than one quarter of respondents (27%, Table 7) have specified that they have already participated in the Telstra SBA, and 14 per cent more indicated they will participate in the future. Moreover, *Coordination of SBA* has been regarded as the most effective activity of the Program (Table 8) and the activity the Program manager carries out best (Table 9).

Thus, it has brought to light that the BGP has well achieved its objectives in term of linking various government business support programs to the local business community and assisting the development of the clients' business leadership skills.

Business Performance

Business performance is another important indicator of the effectiveness of the Program. Although it is not possible to assess direct links between the Program and the business performance of its participants, this assessment was approached by examining the following aspects of the business performance:

- employment growth;
- sales growth
- profitability.

The findings revealed that 59.7, 28.6 and 29.6 per cent of the respondents reported increases in full-time, part-time and casual employees respectively over the past three years (Table 3). Nearly two third (65.5%) of the respondents expressed that this could be attributed to the implementation of the Program (Figure 4). It was found that 83 and 67.6 per cent of the respondents increased their sales and profits respectively over the past three years (Table 4) with 60.5% (49 out of 81), 68.8% (55 out of 80) of the respondents expressing that the Program made some contributions to the increase of sales and profits respectively. Overall, these indicated that most of the respondents have performed well and their performance is associated with the implementation of the Program.

As reported in Tables 6 and 7, it was found that the implementation of the Program contributed to both the actions taken by the respondents and the enhancement of their managerial knowledge and skills. Overall, most of the respondents (90.2%, Figure 5) expressed that the BGP contributed to their improved business performance. Therefore, it was concluded that the implementation of the Program has had a significant impact on the participants' business performance.

Training and Other Key Activities

Based on Table 2, there had been 3.8 functions and seminars every month over the period of 28 months from July 1995 to October 1997. Given the nature of these functions and training, it is impossible to evaluate the impact of each function or seminar individually on the participant's business performance. Overall, it was found that most of the respondents (69%, Table 6) participated in some of these functions and seminars. In addition, 78.3 % (65 out of 85), and 71.8% (61 out of 85, Table 8) of the respondents regarded the *Information sessions*, and *workshop and skill training* as *very helpful* or *helpful*. All of these reflect the effectiveness of the information functions and seminars.

Regarding the effectiveness of the other activities implemented by the Program, all have received very positive responses from the respondents (Table 8). Overall, more than 90 per cent of the respondents (Figure 6) expressed that were very satisfied or satisfied with the way the BGP has been implemented.

Overall, it can be concluded that the BGP has been very effective in achieving its main objectives (Exhibit 1) in terms of linking various government business support programs to the local small businesses, assisting the development of leadership skills and improving business performance, and providing training to the regional business community.

Overall Assessment of the Efficiency of the Program Implementation

Efficiency of implementing the Program is another aspect to be evaluated in this project. This has been measured through the direct outputs of the Program in terms of the number of contacts made, the functions and seminars run, newsletters issued, articles published in the regional newspaper, and the quality of the activities implemented.

Based on Figure 2, 2,974 contacts were made from 1 July 1995 to 25 October 1997. This was equivalent to an average of 106 contacts per month over the 28 months. Amongst these contacts, 42 contacts per month were made on-sites as determined from the Client Contact Log database. Together with about 4 functions or seminars run and one issue of the Program report, the Business Grow Report, each month, and one weekly published article in the regional newspaper, the workload of the Program manager is extremely heavy. In terms of participants in the functions, information sessions, and training seminars or short courses, there was a total of 4,145 participants (Table 2) from July 1995 to October 1997. In other words, there was an average of 39 participants in each of functions, information sessions, and seminars. This is a further indicator of high efficiency of the implementation of the Program .

The efficiency in implementing this Program is exceptionally high if we consider funds are the main input into this program. Although there is no similar project to form a basis for comparison, this conclusion has been made based on commonsense for a one-person workload and the funds into the Program.

The Competency of the Program Manager

Despite the heavy workload, the quality of the services provided by the program manager has been rated highly. As shown in Table 8, a majority of the respondents expressed that all the activities listed were very *helpful* or *helpful*, even these activities

demand highly on the BGP manager's time, energy, knowledge, and more importantly, commitment and professionalism. The performance of the BGP manager has been well appreciated by most of the respondents (Table 9). This can also be regarded as another indicator of the efficiency of the BGP.

The comments made by the respondents (Table 10) echo the above findings. As can be seen from Table 10, the Program manager has been described by most of the respondents as being energetic, enthusiastic and committed in relation to her personalities, and being competent, effective, efficient, and excellent with regard to her competency. In other words, she is willing and able to perform the key tasks required by the Program. These comments, to a greater degree, have expressed the respondent's appreciation of the performance of the BGP manager.

The high competency of the Program manager is also reflected in the analysis of information in the Client Contact Log. It was found that the Program manager has a good understanding of the clients' needs and wants, good knowledge of general business management, rich information about various government programs, wide contacts with government organisations and business associations, and good computing skills. Considering all the findings mentioned above, it can be concluded that the Program manager is very competent in performing the key tasks designed for the Program.

The Appropriateness of the BG Program

Although the appropriateness of the Program is not a major objective of this evaluation, it was considered very relevant to most of the publicly funded business support programs. The economic justifications for government funding of the Program, which included the three broad areas of economic failures, market failures, and firm failures, have been discussed and demonstrated. The economic failures in regional areas are more obvious, such as those in infrastructure, shortage of skilled personnel, and high costs of transportation and communication.

Recent research (Morris & Huang, 1998) found that the "market failures" and "firms failures" imposed big obstacles to the development of regional SMEs. Given the fact of geographic location and spread, the business information in the regions is difficult

to obtain. Owners/managers of regional businesses, particularly small businesses, have been concerned with the difficulty of getting information and networking themselves with other businesses. Moreover, a lack of the management knowledge and skills, which constitute the firm failures, has been impeding the growth of regional business .

Therefore, a business support program like the Business Grow can meet the needs of many SME operators in the regions. Based on the analyses and findings mentioned above, it is strongly believed that the Business Grow Program is very appropriate to the SME operators in the region.

Overall Conclusions

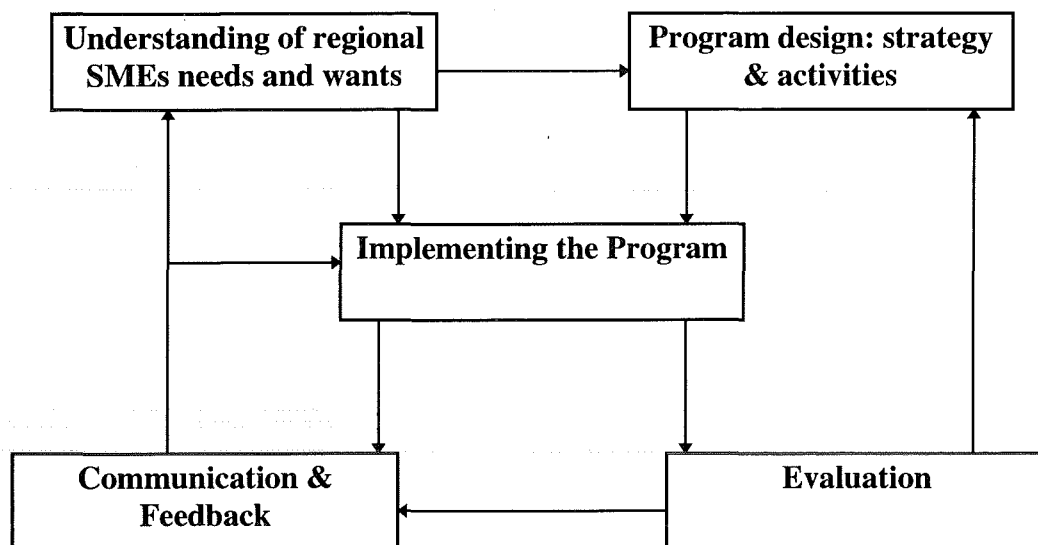
To many participants in this Program, the BGP has been regarded as their “General Practitioner” for diagnosing and solving their problems in operating their businesses. The Program also presents a holistic approach to helping SMEs in the South West region. From the government point of view, it can be regarded as a “broker” of services available to small business. Besides these roles, it was found that it can also be regarded as an important nexus of the business network in the South West region.

Since the implementation of the program in July 1995, the Program manager has been dedicated and committed to the program and undertaken a wide range of activities to service the SMEs in the region, especially in the Bunbury/Wellington areas. It was found that the Program has been well designed and implemented. It targeted a very strategically important business sector: existing regional small businesses. It can be considered as being highly successful from both the perspectives of effectiveness and efficiency. Factors that contributed to this success related not only to the design and strategy of the Program, but more importantly, its implementation. This includes the implementation process and the dedication, commitment and competency of the Program manager.

The process of implementing the Program is outlined in Figure 8. It started with understanding the needs and wants of the regional SMEs, upon which the strategies were designed. Both the understanding and the strategies defined the activities in the Program. The communication with the clients provided a dynamic feedback, which

led to a better understanding and improved implementation of the Program. This ensured the effectiveness of the activities. The timely delivery of these activities, especially in the area of training, not only reinforced the relevancy of the activities, but also reflected the efficiency of the Program implementation. Regular evaluations of the Program provided feedback. This assisted in reformulating the Program strategies and in defining activities to be implemented in the Program. It is this on-going close-cycle process that has made most of the activities in the Program dynamically relevant to the needs of the regional business community.

Figure 8 The Implementation Process of the Program



Probably the most important factor of the Business Grow program lies in the people who implement it. How much success of the Program can be contributed to the Program manager is a difficult question to answer. However, the existence of a highly self-motivated, energetic, responsive, and experienced program manager contributed much to the overall success of the Program.

Another important factor that can be attributed to the success of the program was the close cooperation between the Program manager and relevant government organisations and business associations in the region. It was found that the BGP manager worked closely with the SWDC and Bunbury CCI.

Potential Benefits and Future of the Business Grow Program

There were a number of issues arisen by respondents for future considerations by the Program manager. Issues mentioned can be summarised as three balances that should be struck in servicing the regional business community in the future: 1) balance between small versus large sized firms; 2) balance between new versus old businesses; and 3) balance between Bunbury and other areas in the region.

Regarding the first balance, some small business owner/managers commented that more effort of the Program should be directed to small businesses, as they are more resource-constrained. Specifically, they generally lack management skills and financial resources. Therefore, access to various government financial support schemes is needed much more. For the second balance, some owners/managers suggested that "old" small businesses still need support, although they understand that newly established small businesses may have more problems and so need more attention from the Program. The last balance to be struck is the balance of servicing businesses between Bunbury and other areas in the region, as some respondents suggested they would like to see a similar program in their areas.

Other suggestions included that more promotion of the services provided by the Program should be undertaken so that more business operators know what kinds of help they can get from the Program.

Given the successes of the BGP in achieving its objectives, the high competency of the BGP manager, and the large number of the participants in Program, it is believed that the continuation of the Program will keep playing a significant role in job creation and business improvement, particularly for small businesses, in the region. Justification for the continuance of the Program lies not only in the highly positive outcomes identified in this evaluation report, however. It also exists in the proclamation by the OECD (1997) and the subsequent focus of current regional policies that support for SMEs in the form of agencies and programs such as the BGP, amongst other things, is one of the five key driving forces in promoting regional economic development and well-being. The views of some respondents that the Program should be extended to a wider area so that more businesses can benefit from the Program in the future are worthy of strong consideration subject to the ability of

the organising body to attract the level of funding and resources needed to expand the Program.

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Note

1. The number of questionnaires returned is 108 to date. Because of the schedule of this evaluation project, the results published here have been based on the analyses of 89 questionnaires received by the 6th April 1998.

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