

**DEVELOPING AN ENTERPRISE  
CULTURE  
THE ROLE OF BEC'S AND  
INCUBATORS**

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# Overview

- Results of the GEM Report 2002
- Factors inhibiting entrepreneurship
- Our role in overcoming these weaknesses
- Youth Entrepreneurship
- Ireland: A Case Study
- Applications to BEC's

# Declining Entrepreneurial Confidence?

- The GEM, highlighted a significant decline in start-up participation rate from 9% to 3.8% between 2001 and 2002.
- “The findings suggest approximately 85,000 businesses that might have started in 2002 did not do so due to a decline in entrepreneurial confidence in Australia.”

## ...continued

- The significant impact on start-up participation was also affected by **lack of entrepreneurial capacity – the skills and motivation to start a business**  
– according to the report.

# Common Factors inhibiting Entrepreneurship

- Culture
- Education
- Government Policy
- Access to Capital
- Regulation and Taxation Burden

# The Good News...

- Australia ranked highly in the following areas
  - Protection of IP
  - Market
    - Openness – low barriers to entry
  - Existence of good opportunities
  - Potential to develop – need to develop skills and motivation. This is where BEC's Government and incubators can play a role

# Culture

- Lack of entrepreneurs as role-models
- Risk averse: Fear and Stigma of failure
- Lifestyle Entrepreneurship
- Lack of respect for entrepreneurship
- Tall Poppy Syndrome
- Short- term outlook - make a quick buck

*We need to validate and legitimize entrepreneurship as a long-term career option*

# Short Term Outlook

- Speculation rather than calculation
- We need to:
  - Encourage long term view of the business
  - Investment of time, money and skills
  - Plan to Survive and grow
  - Provide support throughout the business lifecycle
  - Identify mentors and/or role models for small business
  - Work with media to change the perceptions of entrepreneurs

# Lifestyle Entrepreneurship

- Many small businesses in Australia are lifestyle businesses. There is not the motivation to grow in terms of exports, staffing or expanded product / service ranges. Often it is perceived as too difficult to grow a small business

*Such growth must be encouraged and facilitated eg Women in Business program*

# Education

- Lack of Entrepreneurial Education at all levels. Education as an investment
- Emphasis on the theoretical rather than practical experiential learning
  - We need to engage with students at a young age and introduce an acceptance and begin to develop skills required for entrepreneurship
  - Young Achievers Australia
  - Offer traineeships / Internships
  - Campus-Based Incubators
  - Links with Universities and Tertiary Institutions

# Government Policy Support

- The compliance burden is too high and constantly changing
- The taxation and regulatory environment creates a disincentive to employ staff
- The speed of delivery of government programs does not match the requirements of entrepreneurs in a fast changing market

# Access to Capital

- Lack of early stage equity
- Lack of skills of entrepreneurs in applying for funding
- Difficult to get debt capital from banks and other lenders

There is a need to identify other sources of micro finance for start-up businesses. E.g Just Dollar\$ in Christchurch New Zealand

# Why Youth Entrepreneurship?

- The changing nature of work suggests that young people may face the prospect of a “portfolio” career including periods of paid employment, non-work and self-employment, of which the latter implies greater scope for entrepreneurial activity.
  - The competitive advantage of the future
  - Benefits government, individuals and the community

# How do you develop youth Entrepreneurship?

- Validate Entrepreneurship as a career option
- Positive role models / Mentors
- Educate teachers /career guidance counselors
- Practical Entrepreneurial Education
- Link education and Business
- Positive media presentation

# ...continued

- Access to Finance
- Access to Workspace / incubators
- Access to support networks
- Business Expansion Support
- Regional / national awards for best business idea / innovation

# Partnerships: Junior Achievement International

- In 111 countries worldwide
- Developing an Enterprise Culture through educational programs and role models; building a bridge between the classroom and the workplace
- In Ireland, JA Ireland reaches 18,000 students from 5-18 years per annum
- In Australia Young Achievers Australia has assisted 115,000 students since 1977

# Skills developed..

- Being innovative
- Adapting to change
- Understanding competition
- Dealing with risk / reward
- Setting / achieving goals
- Utilising resources
- Operating a business
- Making decisions
- Developing business strategies

# The Irish Experience

- Government assistance
  - National Development Plan 2000-2006
  - Enterprise Ireland
    - Campus based companies
    - Mentoring
    - Training
- County / City Enterprise Boards
- Leader Program (local / Rural initiatives)

## ...continued

- In 2000 the County Enterprise Boards created 3,546 full time and 1,094 part time jobs and approved grants of 16 million Euro or 1,369 projects

# Irish statistics

- Population 3.9 million
  - 25% under 15
  - 40% under 25
- The average annual rate of increase in Irish GDP has been 9.9% over the five year period 1996 - 2000
  - 2001 6.8%
  - 2002 3.8%
- 97% of Businesses are small

# Campus based companies

- Funded through NDP and Enterprise Ireland
- To support and develop campus company activity
- R & D
- Up to a maximum of 2.5 million Euro
- Up to 95% funding available
- By 2006 it is expected that all 14 Institutes of Technology will have incubators

# Campus Based Incubators

- MCSB / Innovation Centre, University of Limerick
- The Hatchery, UCD, Dublin
- Invent, DCU, Dublin
- Northern Ireland Centre for Entrepreneurship w Queens Uni, Belfast
- Clustering within Incubators

# The Hatchery, UCD

- Designed to assist fledgling companies of graduates grow and develop
- Joint project between private enterprise and the university
- Provides 25-75,000 Euro and assistance with management, marketing, business plan development
- In return takes up to 15% equity

# University of Limerick, Ireland

- Marketing Centre for Small Business
  - Innovation Centre
  - Enterprise Centre
  - Centre for Entrepreneurial Studies

# The Marketing Centre for Small Business

- Located within The University of Limerick
- Partnership with City / County Enterprise Boards, Small Business Development Authorities, Local Community and Academic community
- Provides real practical experience for undergraduate and postgraduate students. Matches students to projects based on competencies
- Low cost access to marketing / business planning support for small business

# Services offered by MCSB

*Marketing planning*

*Branding*

*E-business*

*Product testing*

*Marketing strategy*

*Database compilation*

*Sales strategy*

*E-marketing*

*Direct Marketing*

*Business planning*

*Market research*

*Product testing*

*Focus groups*

*Desk research*

*Test marketing*

*Internet research*

*Retail research*

*Feasibility studies*

*Customer satisfaction*

*surveys*

# Application to BEC's

- Develop partnerships with Tertiary Institutions
- Manage process of students completing business / feasibility / marketing plans
- Low cost to small business
- Income generating activity
- Utilizing postgraduate students for further research
- Work Experience / Internships at BEC's

# At Sydney BEC

- Looking at similar project to Marketing Centre for Small Business
- Building links with Sydney Universities – UTS, Sydney University
- Involved with Young Achievement Australia
- Access to Small Business incubator
- Shopfront at UTS – providing services / research to community organisations Free!!
- Currently have Intern student from Danish University

# Conclusion

Australia's entrepreneurial capacity – skills and motivation are fragile and volatile in times of economic shock. In order to be more resilient to these shocks – we need to develop our enterprise culture. We cannot continue to develop managerial skills or depend on the old strengths of being a commodities exporter

# SYDNEY BUSINESS ENTREPREISE CENTRE

- Part of the WorkVentures Group, a community based Social Enterprise
- Parramatta BEC
- Business Village Surry Hills and Parramatta
- Innovations Advisory Centre
- Business Advisory Service
- Membership / Networking for Success
- Mentoring Programs

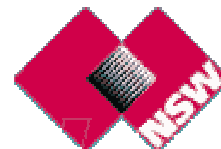


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