



Australian Government
Department of Industry,
Innovation and Science



Supporting Indigenous Business Project Research Report

December 2018

About this report

Purpose

This report was developed by the Supporting Indigenous Business Project Team led by the Department of Industry, Innovation & Science (DIIS) and delivered in partnership with the Department of Jobs & Small Business, Department of Prime Minister & Cabinet and NSW Department of Industry.

It presents the findings of the Supporting Indigenous Business Project and identifies areas of opportunity for government to improve the way business support programs meet the needs of Indigenous businesses.

Audience

The project's findings will be shared widely across the Australian Public Service (APS). The intended audience is senior executive staff, managers and all staff across the APS who deliver business support programs.

Thank you

We would like to say thank you to all of the businesses and stakeholders who shared their stories and made time to talk to us as part of this project. This project would not have been possible without you.

Warning

Aboriginal and Torres Strait Island readers are warned the following report may contain images of deceased persons.

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Introduction



Why this project?

Indigenous businesses are significantly contributing to the Australian economy and the improved circumstances of Aboriginal and Torres Strait Islander peoples, their families and communities through social and economic empowerment. Yet a significant gap still exists between Indigenous and non-Indigenous business ownership. It is estimated that more than 31,000 new Indigenous businesses are required to close the self-employment gap.

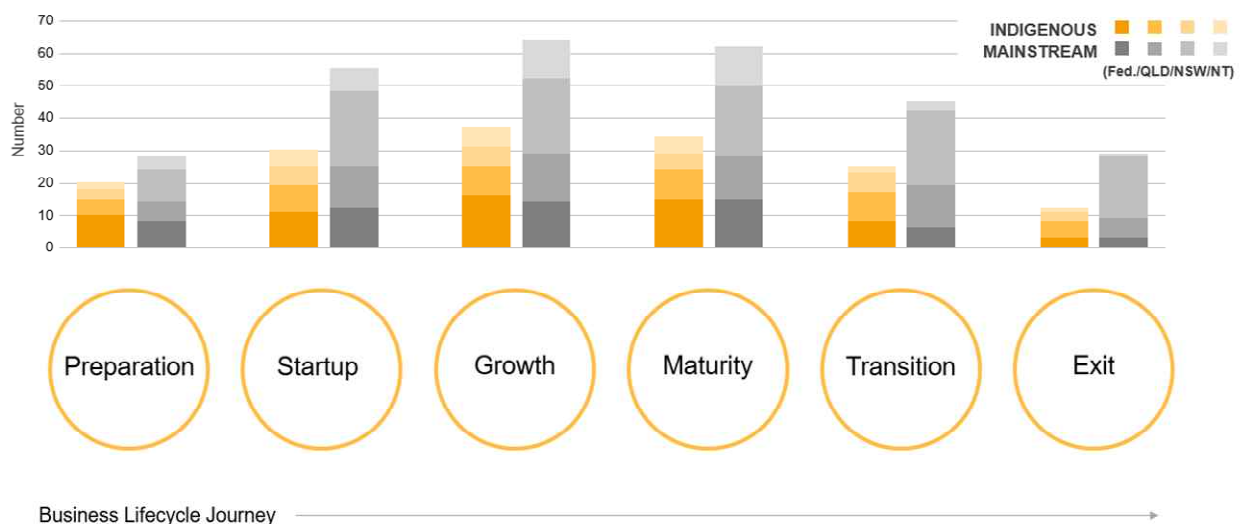
The Department of Prime Minister & Cabinet (PM&C) released the Indigenous Business Sector Strategy (the Strategy) in February 2018 to help more Aboriginal and Torres Strait Islander people build sustainable businesses that will support themselves, their families and their communities. Consultation conducted to develop the Strategy found that:

- Existing government business support services do not meet the needs of Aboriginal and Torres Strait Islander people
- Indigenous businesses are looking for "connected and meaningful business advice", and
- Indigenous businesses are looking for support that is timely and suitable to their needs and stage in the business "life-cycle".

Current state support mapping

Mapping of current business support available to Indigenous businesses (both Indigenous-specific and mainstream) was conducted for the Federal, New South Wales, Queensland and the Northern Territory regions. The graph below shows the combined support available from these regions with respect to its availability along the key stages of the business lifecycle. Note that a single program can support a business in more than one stage, therefore a program can be represented multiple times.

Overall it can be seen that the number of mainstream support programs is greater than that for Indigenous-specific support at each stage. Indigenous businesses preferentially target and are more aware of Indigenous specific support, and as a result there is lost opportunity for Indigenous businesses to use mainstream support to address their business needs.¹ The bulk of support occurs at the startup, growth and maturity stages, which tapers towards the start and end of the business journey. Increasing the number and kind of support available at these critical stages could be considered to ensure businesses are adequately prepared to start and operate, and to exit their business at the right time.



Preparation: Generation of business idea and development. Skills development, market research and planning.

Startup: Business establishment and early stabilization. Monitoring cash flow, establishing market presence and refining business model.

Growth: Growing market presence, customer base and sales. Strategising for further growth of business.

Maturity: Established brand and market presence. Increased market competition, slowed growth with max sales reached.

Transition: Pivoting of business strategy. Exploring new opportunities for business sustainability, regrowth or reposition.

Exit: Selling the business. Falling of sales, developing plans and preparing the business to be sold.

¹ See page 13, "Indigenous support first"

Project challenge

How might we better ensure government support programs meet the needs of Indigenous businesses and are easy to access, to support the growth of a strong and vibrant Indigenous business sector?

Project approach

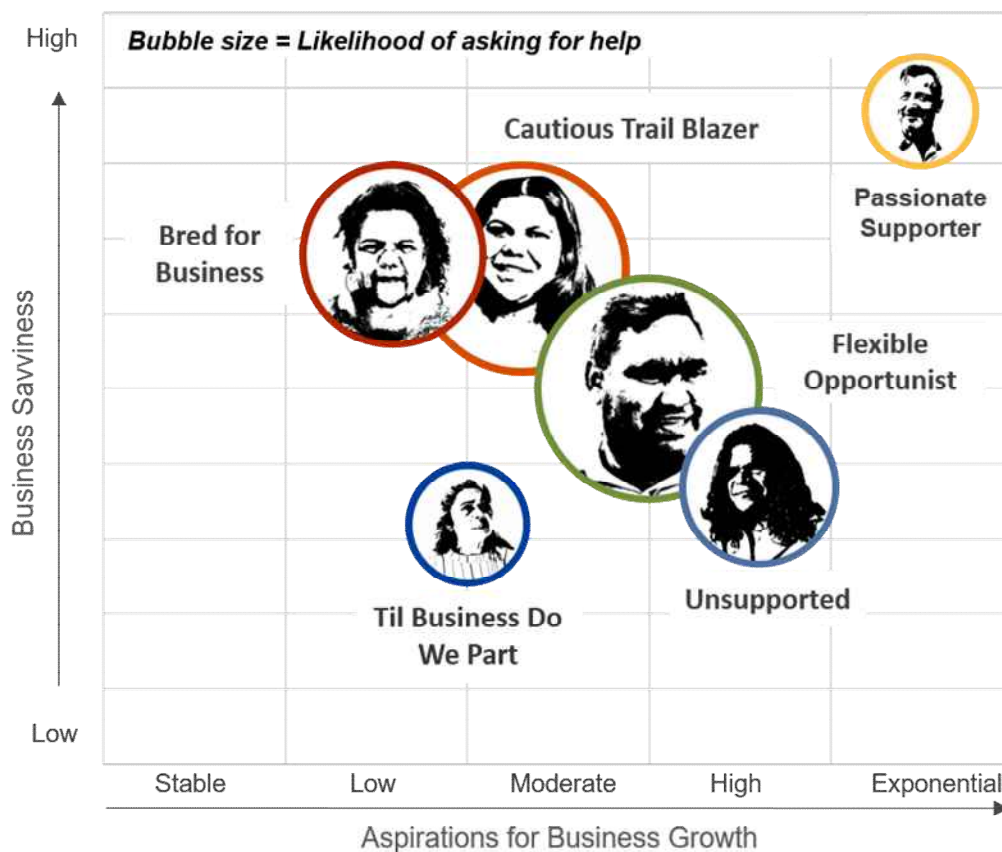
To address this challenge, the project sought to provide a deep understanding of the needs of Indigenous business owners, their current experience engaging with government support and how it could better be delivered. To do this, we conducted one-on-one interviews with Indigenous businesses and stakeholders (government and community sector) in Sydney, Darwin, Cairns, Thursday Island and Katherine. From our interviews, we identified key themes and areas of opportunity. We validated our findings with business owners and stakeholders in workshops in Sydney, Darwin and Canberra, and co-designed preliminary ideas to address our opportunity areas.

Acknowledging the cross government nature of this challenge, the Department of Industry, Innovation and Science has partnered with the Department of Jobs and Small Business, Department of Prime Minister and Cabinet and NSW Department of Industry.



Who we spoke to

Through our research, we identified six Indigenous business personas. A persona represents a group of businesses that exhibited common attitudes, behaviours or experiences. Each persona has different experiences with operating a business and accessing support to help them along their business journey. The persona map below highlights which personas would be more likely to require help from government to achieve their business aspirations. Overwhelmingly most Indigenous businesses are more aware of the Indigenous specific support available, and are more likely to access it, in comparison to mainstream business support.



SIX INDIGENOUS PERSONAS



Passionate Supporter

A champion of Indigenous businesses who provides mentorship and support to help them grow.



Cautious Trail Blazer

A female Indigenous business owner who is cautious and deliberate with their business's growth.



Bred for Business

A serial business owner who has learned the tricks of trade through family but still struggle to find the support they need.

SIX INDIGENOUS PERSONAS



Til Business Do We Part

A husband and wife business duo with complementary technical and strategic skillsets who are often unaware of support to help their business grow.



Unsupported

An Indigenous community champion who struggles to get the support and follow-through they need to get their business to the next stage.



Flexible Opportunist

A business owner with big aspirations who takes advantage of every opportunity to grow and diversify their business.

What we heard



Through our ethnographic interviews, we identified a number of key findings about Indigenous businesses and their experiences with accessing mainstream and Indigenous-specific business support. Insights from interviews fit into 11 overarching themes, and have been grouped into: issues for businesses in *general*, issues that are *amplified* for Indigenous businesses, and issues that are *specific* to Indigenous businesses.

Issues for business in general

- Business skills from the beginning
- Cash flow
- Networks are critical but take time to establish

Issues amplified for Indigenous business

- Role models
- Navigating mainstream support
- Working with government

Issues specific to Indigenous business

- Perception and bias
- Giving back to community
- Indigenous employment and capability development
- Indigenous support first
- Connected government

Issues for business in general

Business skills from the beginning

Indigenous businesses learn business fundamentals such as tax and human resources the “hard way” by learning from their mistakes. Having a business mentor early on is a critical source of support and advice to help them navigate this.

Relevance: During startup phase

“I’m learning as I go along. You don’t know [what to do or not do] until it happens to you.” - Katherine

Cash flow

If you want to startup your own business you need financial security. This barrier is magnified for many Indigenous people who do not have the generational wealth of many non-Indigenous Australians.

Relevance: During startup phase

“The first place you go to for startup is your family and friends, and if your family and friends don’t have \$10,000 to get you going... there’s your first issue” - Sydney

Networks are critical, but take time to establish

Indigenous businesses feel like they need to know the “right people” in government to win work or find out about opportunities. Networks with other business owners are also helpful for winning work and learning from mistakes. These take time to establish.

Relevance: During startup and growth phase

“You don’t need to be the smart people, you just need to know the smart people” - Darwin

Issues amplified for Indigenous business

Role models

Sharing their story with other Indigenous people (especially youth) was important for Indigenous business owners to make sure that Indigenous people see that business ownership is a possibility. Businesses commented that there is a lack of role models particularly in remote communities and you “can only be what you can see”.

Relevance: During pre-business phase

“I never thought it was possible that we would own our own business... because it wasn’t in front of us” – Sydney

Navigating mainstream support

Businesses found looking for general business support from government that would suit them overwhelming. While they were open to mainstream support, they did not often think to look for it because it wasn’t obviously for them.

Relevance: During startup, growth and maturity phase

“You type in funding and a millions things come up. I don’t have time to sift through what is available” – Thursday Island

Working with government

Businesses see working with government (and accessing Indigenous business grants) as a big opportunity, but they are often surprised and frustrated by the time-consuming nature of the process, paperwork involved, government language and lack of feedback about why they were unsuccessful.

Some businesses felt like they were asked to quote or participate in a government tender just for show, without the government employee really understanding the intent of the policy or genuinely considering them. Many businesses saw the Indigenous Procurement Policy and Supply Nation as an opportunity to start their business and win work with government. However, small businesses with limited capacity find it hard to win work through these avenues.

Relevance: During startup and growth phase

[When applying for a tender] we spent a lot of money going down there, because they said you’ve got to come down for the interviews and show us what your model is going to look like...[but] we were unsuccessful. We thought, as an Aboriginal business that it was all just part of the process to say that an Aboriginal business applied, because they gave it to a guy who had no experience.” – Darwin

Issues specific to Indigenous business

Perception and bias

Businesses face racial stigma and a perception that they are less capable. They perceive bias in government tender and grant decisions, and described a “golden circle” of suppliers that is hard to break into.

Relevance: During startup and growth phase

“There is a stigma where people don’t believe we can do it, so we are required to have a white helper.” – Thursday Island

Giving back to community

Indigenous businesses are highly motivated to give back to their community, but may face “humbug”² pressures from their community that impacts their cash flow.

Relevance: During startup and growth phase

“A lot of successful businesses fall over because culture, it’s a sharing culture.” – Katherine

Indigenous employment and capability development

Indigenous business owners are highly motivated to hire other Indigenous people, but find it hard to find staff with the skills and work fitness they need.

Relevance: During growth phase

“When a person comes out of CDP program say, or school, they really don’t have the skill set that is required.... So, we have to spend a heap of time on language, and literacy, and numeracy skills.” – Darwin

Indigenous support first

Indigenous businesses knew about and felt most comfortable accessing Indigenous specific business support. They were confident this support was “for them” in comparison to mainstream support. Businesses highly valued proactive support from government to help them understand what was available.

Relevance: During startup, growth and maturity phase

“The discoverability and accessibility of all those programs is not for the Average Joe... We only look for Indigenous specific support, and I think a lot of community would as well” – Sydney

Connected to government

Mainstream government support providers did not see Indigenous businesses as a key customer group. The best support was from someone who had strong local connections in community and government and built an ongoing relationship with the business.

Relevance: During startup, growth and maturity phase

² Sharing culture within Indigenous communities, whereby family or community members seek money or other forms of support from other individuals seen to be in possession of greater wealth.

“Like for us, the best model was when we had a full-time person who understood Cape York, who could get out there talking to people” – Cairns

Areas of opportunity



Based on what we heard, the project team identified 13 opportunities for government to better support Indigenous businesses, grouped under six themes. Businesses and government worked together to develop initial ideas for how government could respond to each opportunity. Each opportunity area has the potential to impact multiple types of businesses (personas). Opportunity areas and initial ideas are detailed in the following pages. These represent the views of stakeholders and are not a government policy position.

Developing skills from the beginning

- Building the business fundamentals
- Early access to mentors

What business support

- Navigating mainstream support

Supporting Indigenous employment

- Overcoming barriers to employment

Supporting role models

- Inspiring future business owners

Working with government as a supplier

- What to expect
- Understanding Indigenous procurement
- Indigenous businesses for smaller government contracts
- Meaningful feedback
- Facilitating sub-contracting

Connected government

- Build the knowledge of mainstream support providers
- Local connections and proactive engagement
- Government to government connections

Developing business skills from the beginning

Building the business fundamentals

How might we help businesses in the early stages to learn the “business fundamentals” to set up their business well?

Initial ideas

- Personalised one-on-one business support to help businesses navigate services, learn skills, connect to other successful businesses and grow their business (could look to leverage Indigenous business hubs).
- More education in accounting and IT fundamentals to empower businesses.
- Provide business health checks as an ongoing business support mechanism.
- Provide tax breaks for Indigenous start-ups.

Who it will impact

- Cautious Trail Blazer
- Bred for Business
- Til Business Do We Part
- Unsupported
- Flexible Opportunist

Early access to mentors

How might we help Indigenous businesses have more opportunities to connect with potential mentors early on in their business journey?

Initial ideas

- Utilise existing business hubs as a mechanism to connect Indigenous businesses with mentors.
- Develop an app that links mentors and mentee's. Users can detail preferences, what they need and what they can offer in the relationship.
- Develop a process to identify and build a talent pool of mentors and ensure they are well prepared to undertake these roles.

Who it will impact

- Passionate Supporter
- Cautious Trail Blazer
- Bred for Business
- Til Business Do We Part
- Unsupported
- Flexible Opportunist

What business support?

Navigating mainstream support

How might we help Indigenous businesses to navigate the general business support that is available?

Initial ideas

- Training and support for service providers to help them understand why it is important to assist Indigenous businesses.
- Target Indigenous businesses through their existing networks to communicate mainstream business support services.
- Develop an agency contact list for government agencies that deliver business support services.
- A single entry point for businesses to access government support.

Who it will impact

- Passionate Supporter
- Cautious Trail Blazer
- Bred for Business
- Til Business Do We Part
- Unsupported
- Flexible Opportunist

Supporting employment

Overcoming barriers to employment

How might we help Indigenous businesses to find the right Indigenous job seekers, and support them to grow their staff's skills once they're hired?

Initial ideas

- Incentives, education and mentoring to empower and upskill mums returning to the workforce.
- Develop partnerships with universities and schools to build capability and share business success stories.

Who it will impact

- Bred for Business
- Til Business Do We Part
- Unsupported
- Flexible Opportunist

Working with government as a supplier

What to expect

How might we support businesses to understand the tender requirements, government processes, and realities of the opportunities that are available under the Indigenous Procurement Policy so they go into business prepared?

Initial ideas

- A tender toolkit for Indigenous businesses who have limited experience in tendering.
- Information sessions on what government agencies look for in tender applications.
- An interactive online support that uses gamification to practice, rate and provide feedback on tender responses.

Who it will impact

- Passionate Supporter
- Cautious Trail Blazer
- Bred for Business
- Til Business Do We Part
- Unsupported
- Flexible Opportunist

Meaningful feedback

How might we provide more meaningful feedback to businesses who are unsuccessful in winning government contracts?

Initial ideas

- Provision of more robust, comprehensive and meaningful feedback to all Indigenous business tenderers.
- **Within DIIS** investigate the kind and level of feedback provided to Indigenous companies when they are unsuccessful for a grant or tender, and (starting with one grant, or a pilot tender) experiment with feedback mechanisms.

Who it will impact

- Passionate Supporter
- Cautious Trail Blazer
- Til Business Do We Part
- Unsupported
- Flexible Opportunist

Understanding Indigenous procurement

How might we help our procurement officers to understand why they are asked to consider Indigenous companies, and to take the social benefits into account in their procurement process?

Initial ideas

- Integrate social outcomes into the tender process to be considered in evaluation.
- Cultural knowledge is a technical requirement and all procurement officers should have a base level of knowledge regarding Indigenous Australians.
- **Within DIIS** investigate how people in the department see the Indigenous Procurement Policy and ways we can increase consideration of Indigenous companies for government work.

Who it will impact

- Passionate Supporter
- Til Business Do We Part
- Unsupported
- Flexible Opportunist

Indigenous businesses for smaller government contracts

How might we enable / incentivise procurement officers to consider Indigenous companies for smaller government contracts?

Initial ideas

- Integrate social outcomes into the evaluation of tenders – how do these businesses provide value for money that is different to the “big guys” and benefits local communities.
- Develop an Australian Government Procurement Panel of Indigenous businesses.

Who it will impact

- Til Business Do We Part
- Unsupported
- Flexible Opportunist

Facilitating sub-contracting

How might we more actively facilitate the sub-contracting opportunities available through larger companies (such as Tier 1 and 2 suppliers) so they are more accessible for Indigenous businesses?

Initial ideas

- Develop a local community and engagement strategy to connect larger organisations with local Indigenous businesses.
- Change market behaviours to ensure small Indigenous businesses benefit from larger tenders by requiring Tier 1 and 2 suppliers to subcontract to local Indigenous businesses.

Who it will impact

- Til Business Do We Part
- Unsupported
- Flexible Opportunist

Connected government

Building the knowledge of mainstream support providers

How might we help our mainstream support providers to develop their understanding of Indigenous businesses as a customer group, and to tailor their services?

Initial ideas

- Taking Indigenous business characteristics into eligibility criteria design for mainstream support.
- Ensure all government staff that provide business support services undertake cultural awareness training.
- Promote the champions in government who are leading the way to support Indigenous businesses (i.e. awards for innovative approaches, increase in contracts awarded etc.).
- **Within DIIS** work with business advisors of support programs such as the Entrepreneurs Programme to investigate their current level of knowledge, and develop training / support material to assist them to build their capacity to work with Indigenous businesses.

Who it will impact

- Passionate Supporter
- Cautious Trail Blazer
- Bred for Business
- Til Business Do We Part
- Unsupported
- Flexible Opportunist

Local connections and proactive engagement

How might we help government support providers to build better connections with the community and more proactively engage with Indigenous businesses?

Initial ideas

- Nil – this opportunity was not explored with businesses during consultations.
- Initial ideas from government and other stakeholders to be explored in the next phase.

Who it will impact (potentially)

- Passionate Supporter
- Cautious Trail Blazer
- Bred for Business
- Til Business Do We Part
- Unsupported
- Flexible Opportunist

Government to government connections

How might we help government to better connect with each other (and understand how their program fits into the broader ecosystem) so that businesses get the support they need and we provide a more joined-up service?

Initial ideas

- Nil – this opportunity was not explored with businesses during consultations.
- Initial ideas from government and other stakeholders to be explored in the next phase.

Who it will impact (potentially)

- Passionate Supporter
- Cautious Trail Blazer
- Bred for Business
- Til Business Do We Part
- Unsupported
- Flexible Opportunist

Supporting role models

Inspiring future business owners

How might we better support Indigenous business owners to share their story so that other Indigenous people (especially youth) can see that it is possible to own their own business one day?

Initial ideas

- Placing Indigenous business role models into existing mainstream business support hubs to assist linkages with Indigenous business people and to help build cultural competence in the centres.
- Coordination and production of multi-media products that highlight the diversity, strength and value of the Indigenous business sector.
- **Within DIIS** investigate potential candidates for place-based case studies and the best ways to disseminate these. This could be delivered through a joint partnership with NSW Government.

Who it will impact

- Passionate Supporter
- Cautious Trail Blazer
- Bred for Business
- Unsupported
- Flexible Opportunist

Next steps



In response to this report, the Department of Industry, Innovation and Science (DIIS) will:

- Progress immediate actions within DIIS to respond to a number of the opportunity areas identified
- Explore partnerships with relevant federal and state departments to investigate the viability and feasibility of initial ideas proposed during ideation sessions and how we may address them,³ and
- Socialise this report with relevant internal and external stakeholders.

³ A number of the opportunity areas will be addressed by initiatives being rolled out, including under the Indigenous Business Sector Strategy (IBSS). Further investigation of initial ideas proposed by businesses will take into account existing initiatives and how departments can work together to achieve results and avoid duplication.

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Project team

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- Indigenous Business Australia
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- Various divisions from across the Department of Industry, Innovation and Science.

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For more information or to comment on the release, please contact:

BizLab
Department of Industry, Innovation and Science
GPO Box 2013 CANBERRA ACT 2601
Email: bizlab@industry.gov.au