



# Ideas from Thinkbank 2018

**What stops us?**

**Small Business: overcoming  
obstacles and seizing  
opportunities**

# About Tasmanian Leaders

ABOUT TASMANIAN LEADERS	2
ABOUT THINKBANK 2018	3
OVERVIEW OF SMALL BUSINESSES SURVEYED	4
OVERVIEW OF THINKBANK PARTICIPANT'S BUSINESSES	12
THINKBANK – ISSUES, OPPORTUNITIES AND FINAL THOUGHTS	15

Tasmanian Leaders is a respected not-for-profit organisation committed to creating a successful future for our state by accelerating the leadership and influence of Tasmanians.

Our vision is a confident Tasmania advancing opportunities through courageous leadership.

Our core business, the Tasmanian Leaders Program (TLP), is an intensive year-long action-learning program for a select number of diverse participants, focused on building leadership capacity and connectivity across all sectors. Also launched in 2018 is the Industry Leadership Enterprise and Development Program (I-LEAD) focused specifically for small business operators.

The Tasmanian Leaders Alumni is an influential network of graduates leading change within their organisations and communities. The organisation currently has 306 graduates.

Each year we conduct a Thinkbank process and event together with our Alumni to address a topical issue for Tasmania. Thinkbanks are also designed and conducted for other interested parties. One of our areas of focus over the next three years is small business. To this end we recently held our annual Thinkbank 2018 focusing on 'What stops us? Small business: overcoming obstacles and seizing opportunities.'



Tasmanian Leaders would like to extend our heartfelt thanks to Brian Lewis for taking the lead on the design and delivery of Thinkbank 2018 and to Frances Pratt and Sam Ibbott for their roles in the process.

We extend our appreciation to John Perry, Coordinator-General Department of State Growth and Tasmanian Leaders Deputy Chair, Rob Woolley, Tasmanian Leaders Board member and Stuart Clues, Small Business Advocate and Red Tape Reduction Coordinator from the Office of the Coordinator-General for their participation as experts at Thinkbank 2018.

Thank you to Coco Cullen-Knox, Environmental Sociologist, PhD candidate, for her contribution to the data analysis for this report.

**Ginna Webster**  
Chair, Tasmanian Leaders  
December 2018

Tasmanian Leaders is supported by the Tasmanian Government through Department of State Growth



# About Thinkbank 2018

From 28 to 29 October 2018, 30 people gathered in Hobart, Tasmania to share experience and ideas to help small businesses improve. The main purpose of the event was to give those involved practical ideas and tools to develop their small businesses.

The design of the event was focused on the experience, ideas and expertise of the participants. The participants were alumni of the Tasmanian Leaders Program, a program that accelerates the leadership capacity of individuals, their organisations and the state of Tasmania. The other people at the event were there to provide input, as on-call experts, to the Thinkbank participants, as requested, to support their thinking regarding small business improvement.

There were no speakers and no representatives of organisations or associations. There were no lectures or motivational talks. There was no requirement to produce a report. The participants themselves were the experts, there in support of each other as they participated in a number of smaller groups on topics of common interest.

Prior to the event each participant was asked to complete three pieces of pre-work.



- ▶ **Conduct Informal Research** by contacting five other small businesses to find out about their issues and challenges, what governments can best do to assist them and what ideas they have to improve the business.
- ▶ **Create a Discussion Board** providing information about their organisation, what it does, how many people it employs, what its successes have been, what challenges it faces and what's good about small business. This information was circulated to other participants before the event so they could know who they wanted to spend time with, learn from and/or help.
- ▶ **Complete Analysis** using a framework for business, organisational and management development, to identify what parts of the business need working on, in the short and long-term, and what skills the owners and managers of those businesses need to improve.

This document captures the ideas shared through the Discussion Boards and Informal Research as well as those generated at the 'What Stops Us?' event. It is intended for those who participated as a reminder, and for any other readers who are interested in small business. We hope you find it interesting and useful.

Anyone interested in commissioning a similar event designed and conducted for them on their specific issue(s) should contact Tasmanian Leaders on [info@tasmanian.leaders.org.au](mailto:info@tasmanian.leaders.org.au).

The event was led by Brian Lewis with support from TLP graduates; Frances Pratt, in her role as Project Leader for Tasmanian Leaders and Sam Ibbott, an award winning and highly respected small business owner.

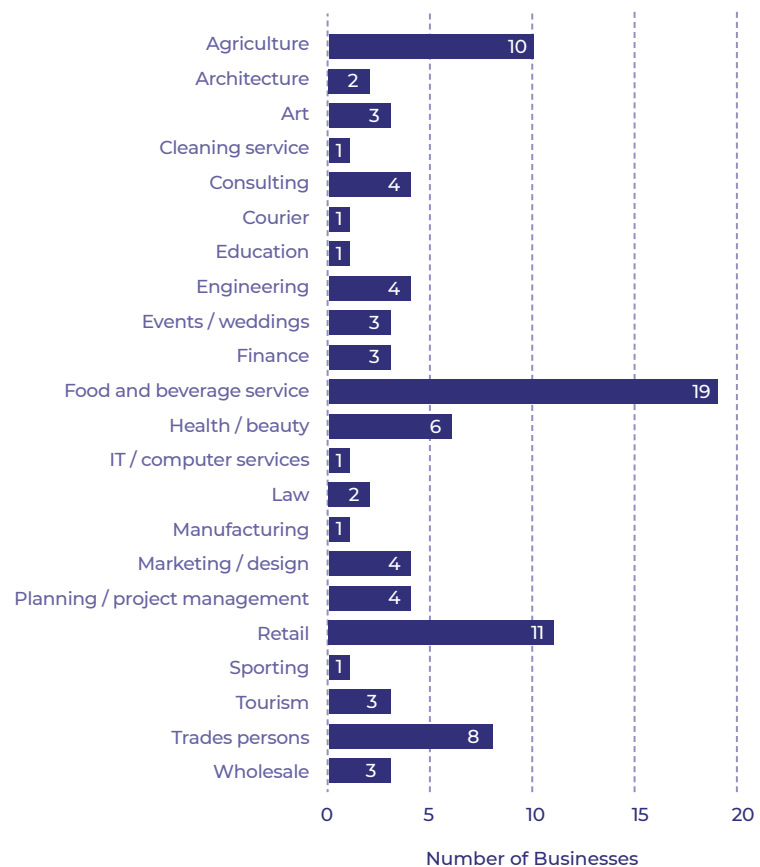
Brian Lewis created and owns the intellectual property for the design and process of *Thinkbank 2018 What Stops Us? – Small business: overcoming obstacles and seizing opportunities*.

# Overview of small businesses surveyed through public consultation

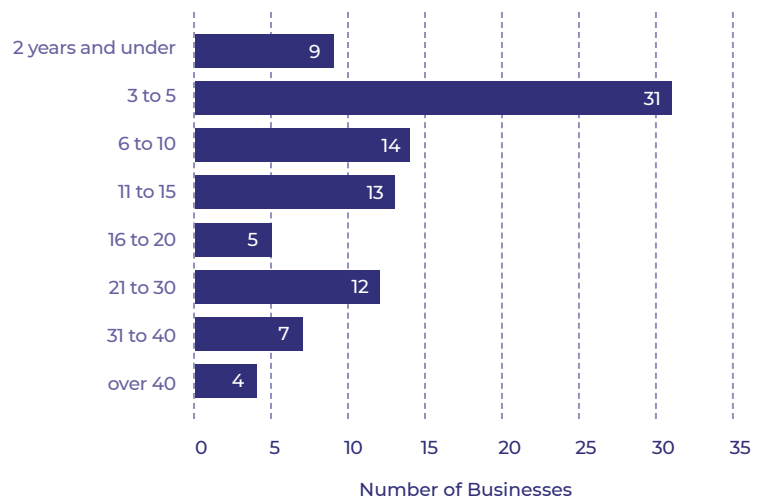
Participants of the 2018 Tasmanian Leaders Thinkbank conducted informal research by contacting five small businesses each to find out details about their type of business, their issues and challenges, what governments can best do to assist them, thoughts they have to improve the business and advice for new business operators.

A total of 95 participants were recorded in this survey analysis. Most of the responses were in blocks of 5 with some variation between collectors. Comments are expressed in their own words.

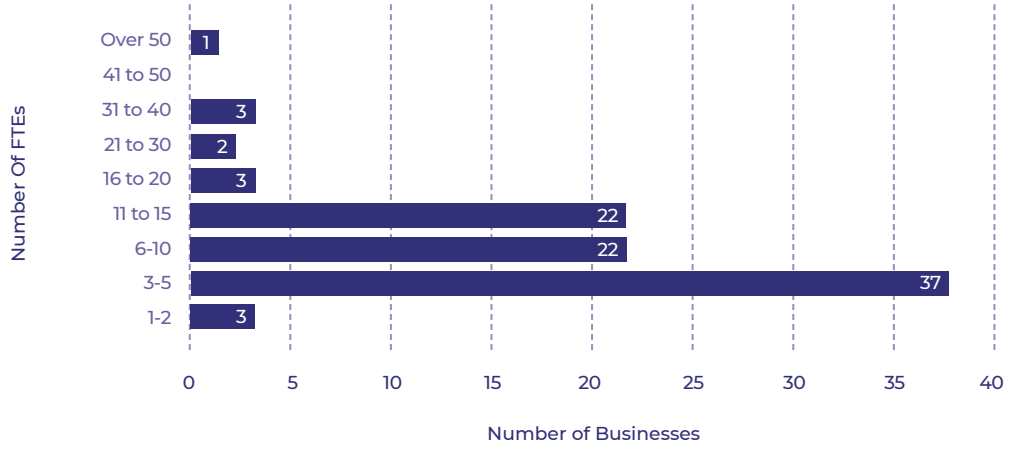
## 1 Business type



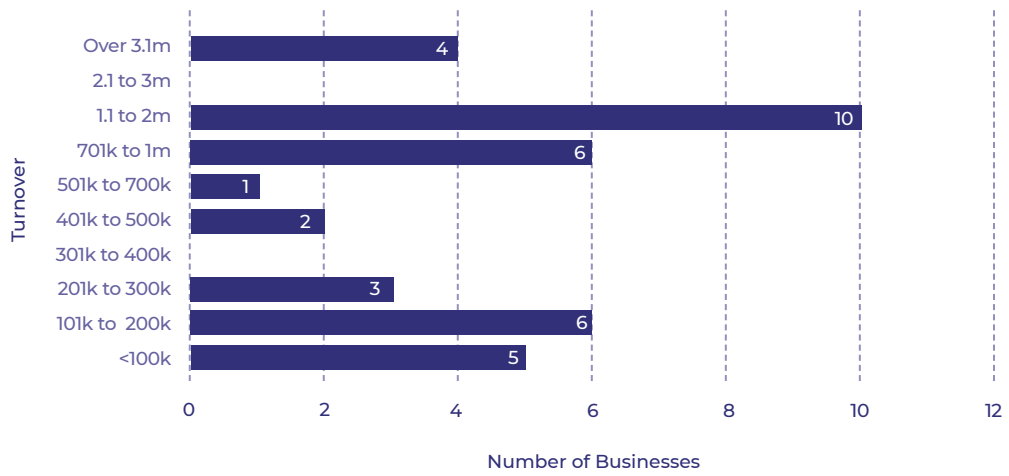
## 2 Length of existence



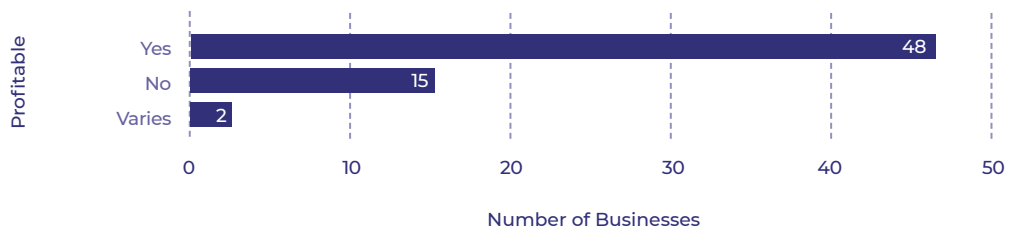
### 3 Number of full time equivalent staff



### 4 Annual turnover



### 5 Business profitability



## 6 Obstacles the business encountered along the way and face currently and their lessons?

Of all the obstacles identified by participants, **staffing** was identified most frequently (36 participants).

**Cash flow and managing overheads and obtaining capital** were identified by 27 participants as an obstacle to owning a business.

Following this was **competition** (16), **red tape** (12), **time management** (11) and **lack of support and/or funding** (11).

**Red tape** related to the amount of **paper work, compliance and regulatory barriers** (e.g. lengthy and confusing regulatory/permit processes).

**Lack of support** in these processes was identified and **lack of funding** options or consistency of these options to support small business was of concern.

### What obstacles has the business encountered along the way and faces currently? What has been learned from them?

#### Staffing

36 responses

Attracting and retaining reliable motivated staff.

Biggest challenge at present is filling vacancies for apprentices and qualified tradespeople. The business has learned that you have to invest in staff training and retention, even during tough times, as you need loyal, quality staff when times are good.

One of the biggest challenges is attracting and retaining graduates in a regional area. This has resulted in slower growth and left the business with no clear succession plan.

#### Cash flow, capital, and managing overheads

27 responses

Cash flow problems. The lesson is the importance of discipline in all areas of business and automated systems.

#### Competition

16 responses

Increased local competition.

#### Red tape

12 responses

Red Tape - the amount of state and federal government paperwork, particularly the ATO takes a huge amount of company time. It costs around 1FTE at a higher level within the business to achieve government compliance. Funding this staff member sets the business revenue back significantly, particularly if we want to offer secure employment.

Lengthy and confusing permit process to go through with local council for change of use of a building and applications that may not get authorised.

Our safety plan was a lot of work, and it was difficult to find out exactly what was required to achieve HACCP certification - not a lot of easy to understand information out there. We ended up paying a consultant a fair amount of \$\$ to get the job done.

#### Time management

11 responses

Lack of planning work/life balance.

Unpredictable work-load, keeping up to date with all the administrative and financial requirements of running a small business.

#### Lack of support and/or funding

11 responses

Working on our own means we have to work it out on our own.

Training of staff. Government will finance the training of unemployed people but will not assist in the training of those already employed.

No funding for small businesses under 300k turnover. Tiny grants not worth the time.

Reliance on government funding which is often short term and intermittent.

Lack of government incentives to employ a permanent full-time staff member to enable me to spend more time on strategic planning and business administration.

## 7 Exciting possibilities or opportunities likely in the next 1-3 years

Expansion and growth was the most frequent response to the question regarding the possibilities and opportunities with 61 participants identifying this as the primary opportunity. Of these responses, 10 specifically identified the possibility of export to the mainland and overseas.

### What exciting possibilities or opportunities are likely in the next 1-3 years?

Expansion and/or upgrades

63 responses

Growth in tourist numbers to the state.

Capital investment in equipment to serve more clients in general and client of a higher calibre.

Greater rise in clientele's preferences for locally made, best quality products.

Tasmania is a hot spot for destination experiences and provides the opportunity to increase fees and feel comfortable to do that again in the new year.

Online sales growth.

Opportunity to upgrade IT and administration systems and implement more efficient and flexible systems.

There are currently large amounts of construction in Tasmania.

Development of niche markets in Tasmania.

Expansion of business by raising awareness locally, interstate and overseas.

Streamlining business offerings, working cleaner with more systems in place. Business is thriving due to recommendations and reputation earned.

The provenance of Tasmania is massive and growing.

Leveraging opportunities internationally.

Developing a trusted brand.

Attracting talented staff to move to Tasmania.

Focussing on quality outcomes, building strong local partnerships and growing with the support of key stakeholders to make a greater impact on new markets.

## 8 Best thing about small business

Participants identified flexibility and autonomy as the best things about owning a business. This related to two main areas:

- 1) **flexibility** in terms of time e.g. work around family commitments, and
- 2) related to **creative control** and **freedom** to pursue passions and ideas without having to answer to anyone.

The **challenge** and associated rewarding feeling that owning a business provides was identified by 36 participants. This included things like the **pride in ownership** and **rewards** you get for taking risks. Also among these rewards are the **meaningful relationships** that are created by owning a business and this was identified by 18 participants.

### Best thing about small business?

#### Flexibility and autonomy

71 responses

Flexibility with family commitments.

Flexibility. I am enjoying more time with my children however I am spending more night time at work.

Own time frames and schedules.

The flexibility of choosing when you work and fit in with your lifestyle choice.

Making a decision and being able to implement it on the spot in some cases - no red tape or bureaucracy to contend with.

Can chase your passion, vision and opportunities.

#### The challenges and rewards

36 responses

Ownership and pride.

Working from the bottom up and building something is great.

We all know it is not all smooth sailing but with perseverance and keeping an eye on the bigger picture it will all be worth it.

The reward of working for yourself.

Making something work against the odds

Reward - not always monetary. When things go right.

#### Building meaningful relationships

18 responses

The community that you build up around you. Other people in small business who are passionate about what they do.

Getting to know staff and people well over a long time, creating strong and real relationships.

Great way to form a bond and be a part of the local community.



## 9 Advice for new business owners

Having **resilience** and **capacity for hard work** was identified most frequently (29) by participants as advice for new business owners. The importance of resilience can be traced through other responses. For example **'time management'** was identified as an obstacle in small business and the ability to **work hard** and **long hours** is identified as part of being resilient to these challenges. The importance of **due diligence** and **planning** (23) was also identified as important for business owners. This included things like **understanding your market** and **profit margins** and **having an exit strategy**.

Again the importance of support through **good networks** and **mentoring** was identified (14). This could help with building resilience. The importance of **capital** (10) and having **good systems** and **procedures** in place (10) were also identified. The latter mainly related to **paper work** and **accounting**, even if this means outsourcing.

### What advice would you have for a new business owner?

#### Resilience / hard work

29 responses

Don't forget to work on your resilience and wellbeing because small business is a rollercoaster of emotions.

Be prepared for lots of ups and downs, hard work, and long hours but it is self-fulfilling.

Think long and hard about the sacrifices that are required to be self-employed. There is no such thing as weekends or holidays as you are always on call and everything else takes a back seat.

Get yourself a psychological assessment to work out how you perform under stress and whether you have problem solving skills and resilience (genuine suggestion not tongue in cheek)

You need to be flexible, adaptable and have plenty of resilience. It is stressful, but can be very enjoyable and liberating.

If you have a domestic partner, make sure they are aware of what you are committing to and bring them on the journey.

#### Due diligence and planning

23 responses

Do your sums, research the market, and have a plan and an exit strategy.

Research your market properly; have customers before you start. Know your product. Work within the industry to help you understand what you are getting into.

Have a good detailed business plan. Know your market. Do your research and think between the lines. There were a lot of things we didn't consider.

Think very carefully, plan, do research (money v hours), talk to other people in business and understand that you will never work as hard as you have before!

Know your profit margins.

Plan, plan, plan. Research all available resources - there is a wealth of free advice, coaching and tools online.

#### Ensure you have a good network including good mentors

14 responses

Make sure you have a good support network, whether they work for you or not.

Start finding mentors early.

Lean on other business colleagues for advice, coaching, or just a professional sounding board.

Network, network, network!! Especially in a small place like Hobart - word of mouth and recommendations within and across industries are invaluable.

Importance of capital	10 responses
Set aside a decent chunk of working capital for the business before you start.	
Don't borrow money to start your business. If you are pushing the boundaries there is a high chance of failure. The more you do it, the more you are invested in it. If the idea is good enough, other people will want to invest in it as this is a better way to get capital. Bring in people with different skills, and reduce your risk as compared with going it alone and borrowing money.	
Cash is king - you will never take cash out of the business while it is growing, and this working capital is what allows it to grow.	
Ensure you have enough cash and/or line of credit in reserve.	

Have good systems and procedures	10 responses
Operate everything correctly and have good procedures and systems in place Don't launch until you have it in place. Start with a good ethical framework.	
Get a bookkeeper! Systems!	
Try and establish good systems early.	

## 10 Suggestions for government assistance for small business

The most common response to this question was to provide **support through education** (34 participants). Provide information about running a business. Following this was **reduction in fees/costs/taxes** (16), **reduce red tape** (15), **provide incentives to employ people** (12) and **provide grants/loans/funding** (11).

Provide support in terms of **funding** and **education** can also be traced through the responses. For example, in the obstacles there is a feeling of lack of support and funding options.

How can governments assist small business?	
Provide educational support	34 responses
Better financial education support. The information and education is very basic. NEIS was very outdated and not up to date with current info i.e. cloud based instead of spreadsheets.	
Be open for business and provide small business with support to help businesses solve problems. If you have a problem then have a door to knock on. This business was started with a grant and would not have got off the ground without it. Continue to support innovative new companies.	
More workshops that demystify the future stages of business growth - relevant workshops.	
More mentoring opportunities would be useful with people with the correct skill sets. For example more time with people currently in small business with structured learning opportunities.	
Free programs like the 'Digital Ready' sessions currently being run. These are invaluable to small business owners.	
Staff training support. Simple systems and resources to help with processes such as WH&S. Have a door to knock on to get direction when the business is trying to do something new.	
The time to navigate and educate yourself on local, state and federal regulations is sometimes prohibitive to even starting something new.	

**Reduce fees/costs/taxes**

16 responses

Remove payroll tax and other restrictive taxes.

As much as I understand paying tax is important i.e. it builds road and hospitals. I would like to see the company tax for small businesses lowered sooner than it is currently forecast. At the moment it is due to be lowered to 25% by 2026/27.

Reduce insurance and WH&S compliance costs.

Reduce or remove company tax for businesses under \$1 000 000 - they are basically family businesses who need the capital and cash flow. They pay GST, and personal tax - Company tax just inhibits them. Have some sort of better scheme for workers compensation and insurance - maybe government based group insure if turnover or staffing levels are below a certain level. Insurance is dead money, but is often required by clients for a contract. In sole traders/small business it's a massive drain on capital and a stick not a carrot.

Reduction in compliance costs.

**Reduce red tape**

15 responses

Make tax reporting easier and less time demanding.

Reduce red tape. Make new ideas and new businesses easier to achieve, rather than creating more obstacles. Government should help not hinder; we are told they are there to help, but it's not what happens.

Make it easier to employ people. Reduce the compliance burden.

Less red tape to do stuff when you want to and how you want to - including simple stuff like advertising.

**Provide incentives to employ people**

12 responses

Incentives to retain young and old employees not just incentives for initial employment.

Make it more viable to have continuing employees - incentives for secure work rather than casuals.

Review incentives for providing traineeships. This business won an award for employee training in 2015 but now we don't have any trainees at all because the cost of having them is no longer covered by incentives and it is too hard and expensive to train them up without incentives and then have staff leave.

Make it much easier to employ graduates / trainees and employ people in general for micro businesses in particular i.e. expand the government work experience program not just long term unemployed.

Training incentives (apprenticeships). At the moment it is an expensive undertaking with lots of risk for a small business. Funding apprentices would assist both apprentices and the business greatly.

**Provide grants/loans/funding**

11 responses

Assist people to create small businesses through base funding so that people can live and communicate that these services are available (as compared to self-funding or unemployment benefits) e.g. there is a system in Germany as part of their social services. Enterprise Ireland, is a hub with office space and funding and mentoring for six months to help develop business. In return they take a stake in the business.

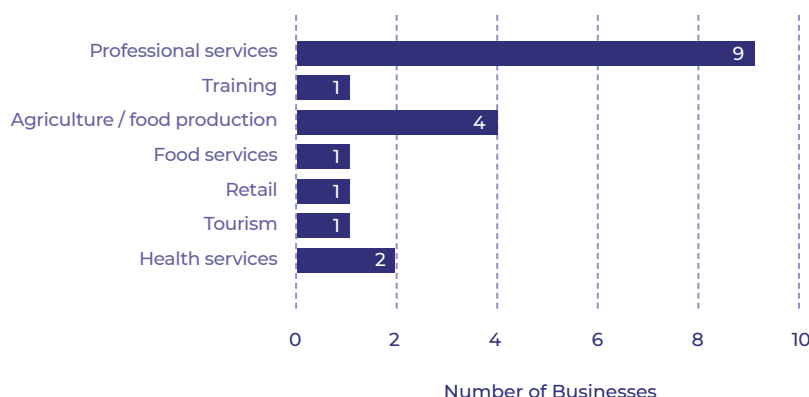
# Overview of Thinkbank 2018 participant's businesses

Prior to the event, participants of Thinkbank created a **Discussion Board** to provide information about their organisation, what it does, what disappointments they've encountered, what successes have been experienced, and what challenges and opportunities they have in their small business. This information was circulated to other participants before the event so they could know who they wanted to spend time with, learn from and/or help. A total of 19 participants were recorded in this survey analysis. All participants answered all questions.

## 2 What businesses are most proud of

Participants most frequently identified the **quality of their produce and/or service** (9) as what they are most proud of. This was closely followed (8) by the **growth** they have achieved with the business. This growth includes things like **expansion interstate, increases in staff and assets and accreditation**. Participants are also proud of providing a **good workplace culture** for their staff and clients (4). This includes employing local people who enjoy their jobs and rewarding them. By achieving a good work place culture the staff subsequently provide good service to the clients.

## 1 Business type



### Since starting, of what is this organisation most proud?

**Producing a successful and quality product and/or service** 9 responses

Providing quality services that actually make a difference to our patients' health. We have a special interest in the provision of services into indigenous communities.

We are most proud of the high quality of our services. We think we have created a high-quality facility because we have: invested wisely in good quality and appropriate infrastructure and equipment; taken care of the culture of the business by vetting and providing leadership on standards for our customers; and partnered with the right service providers.

**Growing the business** 8 responses

Growing the business and surviving a significant downturn in the industry without having to contract staff numbers to protect assets.

Transitioned and strengthened business from family run operation to one that capable of consistently satisfying customer and regulatory requirements.

Growing from two people to 21-23 staff in 6.9 years.

**Providing a good workplace culture** 4 responses

We are most proud of being able to successfully help clients while also reward employees better than most other organisations in our field.

### 3 Since starting, disappointments experienced

While providing a good **workplace culture** is what people are proud of (table 1), providing a **poor workplace culture** is also what people are most disappointed about (5). Poor workplace culture captured broad areas of disappointment identified by the participants ranging from **conflicts with clients, inability to lead and staff turnover**. **Poor growth management** (5) and **low profits** (4), partly related to each other, are also identified as disappointments. Poor growth management included **lack of planning, poor investment in improvements, and slow growth**.

### 4 Obstacles encountered and overcome, or currently facing and are yet to be overcome

While business growth is acknowledged as a disappointment, **business development** is also identified most frequently as one of the main obstacles (10). This includes not only growth of the business but also developing systems and business plans.

This also ties in with the obstacle of achieving and maintaining a **work/life balance**.

This is followed by the obstacle of **staffing** (7) including finding skilled and reliable people in Tasmania and retaining them.

**Finances** (5) are also a continued area of difficulty including low profits, capital and cash flow.

#### Since starting, what disappoints this organisation the most?

##### Poor workplace culture

8 responses

Past had high turnover of new staff due to stress/ long work hours. As business has built up we have been able to employ more staff, so work hours are much more manageable now, allowing staff to have greater work/life balance and therefore greater work satisfaction.

Struggling to lead efficiently. Our inability as directors to be nimble and adaptable to change, as we have all come from different offices and have had different experiences and consequently believe in the correct way of doing something.

Conforming to client demands that haven't always aligned with values and standards of operation. Conflict arising from previous working conditions, competing with those on the same team.

##### Poor growth management

5 responses

Have not managed to reach breakeven point in all aspects of our business. Invested too early in some areas and too slowly in others. Misread the size of markets in some areas which has damaged our reputation.

We are disappointed each time that with hindsight, we realise that we have misused or underutilised our budget for improvements.

##### Low profit

4 responses

Struggling to achieve profitability on projects that should be profitable.

Our inability to substantially reduce our dependence on government funding.

#### What are the main obstacles you have encountered and overcome, or currently face and are yet to overcome?

##### Business development

10 responses

The biggest challenges are about growth - staff, finance, cash flow, resourcing and keeping the service level reasonable.

Huge opportunity for growth in our sector if we want to take it. This is also our single greatest challenge.

Scaling up - value proposition to producers and customers - sustainable business, not just part of a mix of part-time jobs - work/life balance.

Developing the business so that it is profitable and manageable as a family business. Avoiding a situation where our business requires 24/7 underpaid labour from us. This will require: building the services with good marketing, good management systems (website, booking engine, appropriate staffing), accurate pricing and creating systems, business plan and infrastructure for profitable, efficient farming.

Hesitant to take the leap in case it fails. Young family and partner not working contributes to my hesitancy. Have not wanted to employ staff, but realistically this will provide greater opportunities Need a definitive plan.

##### Staffing

7 responses

Identifying and retaining suitable staff across the group.

Finding the skilled staff we require who want to live in Tasmania.

Staff skills sets.

##### Finances

5 responses

Developing the business so that it is profitable and manageable as a family business. Avoiding a situation where our business requires 24/7 underpaid labour from us.

## 5 Challenges and opportunities in the next 1-3 years

Business development and growth is identified as both the **greatest opportunity** (8) and **challenge** (10) of small business.

### What challenges and opportunities are there in the next 1-3 years?

#### CHALLENGE

##### Business growth and development

10 responses

The most significant challenge remains developing new revenue streams.

Continuing to have enough work to 'feed the beast.' It is excellent being big enough to be able to undertake large-scale projects, but that work is hard to get and doesn't come around often in Tasmania. Deciding whether we keep growing our staff numbers.

As our work slows so does the industry. We are starting to see this happen across Tasmania and Victoria and need to think about where our work is going to come from. We are starting to get a foot in the door with some larger mainland projects. All of the hard work with submissions is starting to pay off.

We can provide solutions however we have to be able to fund them and adequately scale our operations while driving down our prices to be a competitive market player.

#### OPPORTUNITY

##### Business growth and development

8 responses

Aggressive growth, tourism growth, plans to focus on dispersal, online distribution.

Tasmanian premium food is on trend. Systems established, capacity expansion underway.

# Thinkbank – issues, opportunities and final thoughts

These are some of the special issues and opportunities for small businesses in Tasmania identified by Thinkbank 2018 participants.

## Small business challenges identified:

Unnecessary barriers in the operating economy

Education and skills gap

Not enough industry consultation

Not-for-profit sector distorting the market

Complexity of tax system

Managing differing customer expectations of goods and services from small business rather than from government

Availability of staff

Lack of formal business start-up support

Difficulty and lack of assistance navigating the system

Lack of time to engage support systems

Regional penalty rates

Anti-competitive behaviour by government and universities

Length of government contracts

Access to start-up business mentors, accountants and planners to identify all tasks and systems

## Opportunities identified where governments can assist small businesses:

Increase support to TAFE students to address industry skills shortages

Use local couriers instead of multinationals

Apply tax to online shopping, to protect bricks and mortar as a massive employer in our country

Look at ways to make CBD's enthusiastic and a place to be

Enact less tax, payroll, stamp duties and final income tax

Enable more certainty around funding models (health, arts etc.)

Change penalty rates in hospitality sector so that regional areas can stay open on Sunday's

Promote more apprentices and apprenticeship assistance

Subsidise tools of trade

Reduce quarantine costs and duplication on exit and entry

Make more information accessible online

Review the MyGov website to be easier to operate

Address Local Council bureaucracy and number of divisions at councils looking at the same issue to speed up and reduce planning and development costs

Support banks working with small businesses that won't lend money despite the business having good cash flows

Provide financial subsidies for government permits and licenses for start-ups

Help with low interest finance for asset purchase/business growth

Make the tender process less onerous and more relevant

Seize the opportunities for an island economy

Facilitation of cluster development of businesses

Encourage sharing of resources

## Final thoughts from Thinkbank 2018 participants:

Look for opportunities for co-opetition and discover areas of co-operation with competitors

Build relationships based on trust, enable collaboration, success and co-operation

In recruiting remember that you can teach skills but the right attitudes are critical

Linkages between small business stakeholders are important

You can never spend too much time getting better at business systems planning

Trust can only be the product of successful experiences

The links between strategy and all other business areas are concurrent

The government providing templates for 'easy' business planning does nothing to encourage intelligent business owners to do business planning

Desire must be greater than the pain

Absolute constraints can be illusionary but not all constraints are absolute, but they can take time and money to shift them

Are we having fun? Don't lose sight of why you started a small business

Don't forget why we are in business. What is the initial motivation?

Focus may need to be put on improving morale

There is power in sharing - a problem shared is a problem halved

Sharing stories and providing support is important to increase business outcomes

Consider engaging a people development manager not an HR manager

You will be more successful with a plan

