



HANDS-ON SMALL BUSINESS ASSISTANCE: EVIDENCE FROM LATROBE CITY

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ABSTRACT

Australian small businesses (less than 20 employees) make up the bulk of businesses (88%) in the economy and employ over a third (38%) of the total workforce (ABS, 2002a). Twenty-four per cent of all small businesses are located in the state of Victoria, which is the second highest state based population of small business (ABS, 2002a). While Melbourne is the economic and social hub of Victoria, over half of these small businesses are located in rural and regional Victoria (ABS, 2002b).

This paper focuses on the process and outcome of delivering hands-on assistance to a group of 30 small businesses in Latrobe City (one of the six Victorian local government areas in Gippsland). Latrobe City is about 150 kilometres east of Melbourne and has a population of about 70,000 people spread across five major urban centres in an area of 1,400 square kilometres. Since the mid 1980s this area has suffered fairly massive organisational and workforce restructuring, primarily driven by the privatisation of the power industry in the late 1980s early 1990s (Gough & Pullin, 1996; Fletcher, 2002; Rannie & Paulet, 2002). The City has one of the highest unemployment levels for Victoria, with one town recording an 18.6% unemployment rate on census night, 7th August 2001 (ABS, 2003). In recent times efforts have been made to mitigate this problem, in particular in 2001 the State government provided an A\$105 million package to the municipality to assist with alleviating the on-going effects of restructuring.

In Latrobe City there are a total of 2,835 businesses with some 2,632 small businesses (employing less than 20 people) (Snell, D'Urbano & Cunningham, 2002), employing around a third (32.4%) of all workers in



Latrobe City. The State government recognised the importance of small business to the local economy and A\$100,000 of the State government funding package was earmarked for small business projects to encourage and support small enterprise growth, while Council provided another A\$20,000. Six projects were developed by the Latrobe Small Business Network (LSBN), which was established to oversee their delivery.

This paper highlights the selection of 30 small businesses from the Latrobe City municipality who, over a 10 month period, worked closely with a consultant from IPM to produce their own individual action plans. Each plan was tailored to meet the specific needs of each participant establishing a pathway to expansion and growth. In addition, IPM organised several business seminars and encouraged the 30 participants to become actively involved in a local small business owners' network.

This paper outlines three elements of the assistance program relating to the development of the individual action plans for the 30 businesses in terms of:

1. The context of the program delivery: the demands and constraints on the program and how this affected choices to translate the program into action in the local context.
2. The process of delivering the program: in particular the process of a) recruiting businesses and b) developing action plans.
3. The outcomes of the program: for the participant small businesses, for Local and State Governments and for the community/region.

The purpose of this paper is therefore to learn about and improve on the program; particularly given the Federal government has provided a further A\$50,000 for mentoring of these 30 small businesses. Lessons learned from the program are discussed and in doing so the paper engages with the (mainly) UK debates about how best to provide assistance to small business and principally to those in less favoured regions such as Latrobe City.



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