



Showcasing

Women in Small Business

The Victorian Government's Strategy March 2002



Small Business

Department of Innovation, Industry
and Regional Development

Level 14, 55 Collins Street
Melbourne, VIC 3000

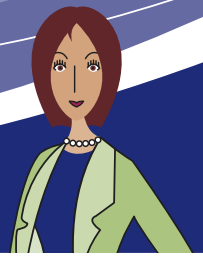
Telephone: (03) 9651 9205

Facsimile: (03) 9651 9879

Email: pauline.taylor@dsrd.vic.gov.au

Website: <http://www.businessaccess.vic.gov.au>





Introduction

A Message from the Minister



The Victorian Government is committed to effectively supporting women in small business.

In October 2000 I released the Victorian Government's strategy for small business—**Showcasing Small Business**. That policy statement outlined our vision to support and encourage Victorian small business to start and grow. Small business is the foundation on which our growth relies—whether it is growth in employment, growth in investment, the exciting rush to innovate, the increase in adoption of new technology or the surge in entrepreneurial spirit.

There are about 120,000 women running small businesses in Victoria. And through my Listening to Small Business program I have spoken with over 1,000 small business operators, many of them women. A few of these women have been featured in the case studies in this document. I found their stories inspirational. I hope you do too. These women have initiative and enterprise and are creators of business.

Women in business are good at being able to juggle numerous deadlines and more than one thing at a time. To better handle stress and be prepared to ask questions and not believe they know it all.

But women do need access to information and advice that is tailored to their particular needs. And they need networks and mentors that are not patronising, but supportive.

Women need to recognise their strengths and build on them, focusing on those qualities where they excel. Women running businesses have many big decisions to make—and probably the most important of these is how to finance the start-up and growth of their business. Recognising and leveraging off these advantages will help women develop their confidence and presentation skills when meeting with financiers.

It is for these reasons that we have developed **Showcasing Women in Small Business**—a set of initiatives designed especially to support women in small business, focusing on their particular needs in accessing finance, networking, and mentoring.

It is now time to showcase women in small business—to highlight their achievements and support them further.

Marsha Thomson MP
Minister for Small Business.



Women Entrepreneurs in Victoria

Women entrepreneurs represent one of the fastest growing sectors in the Victorian economy. From the start of 1997 to the end of 1999, the number of small businesses run predominantly by females increased by 46%—the fastest growth of all the states and much higher than the 29% increase in predominantly male operated businesses.

Small businesses make up 96% of all Victorian businesses, with women representing almost one third of their operators. This means that there are around 120,000 women running small businesses in Victoria. In contrast, a recent UN survey showed that women accounted for only 1% of senior executive positions in the corporate sector in Australia.

Small businesses offer women the opportunity to develop their entrepreneurial talents, which are often constrained in larger, more traditional business structures. Women have an excellent grasp of key business facets—from creativity, an eye for detail and being able to identify and act on niche opportunities, to the desire to more effectively fulfil customer needs.

Jo-Ann Kellock—Suits U

Jo-Ann is the owner/manager of Suits U, a new innovation in fashion retail located in the Business Matrix, a women's business incubator at Fitzroy. During the 1980's she co-owned and operated a wool handling service with her husband. Jo-Ann worked hard to establish the business, which expanded considerably. In 1991 she launched her own fashion business, Suits U, which licenses creative and technical expertise to deliver originally designed and customised clothing. With the prior business expansion and subsequent new business, she tackled the various challenges associated—learning

how to approach financial institutions for funds, read balance sheets, produce budgets and profit and loss statements, manage staff, manage/administer software systems and operate effectively in a highly regulated industry.

Jo-Ann offers some key advice from her depth of experience: "You must maintain persistence and determination in order to be successful ...I say this because acquiring the knowledge won't happen overnight—in fact, it could take up to 18 months or longer. You may need to take a short course, investigate your options, read various materials relevant to your situation and do research in order to get up to speed and be prepared. There can be a lot of legwork involved; be prepared to know that there are things you don't know—and ASK! The programs the Government has developed are very important and beneficial in pointing you in the right directions, and will save a great deal of time and mucking around. Take advantage of the assistance that is available."

Entrepreneurship—the ability to identify opportunities, embrace change, manage risk and move quickly—is increasingly recognised as a central source for economic growth and the role of women is particularly important. The Global Entrepreneurship Monitor¹—a world study comparing entrepreneurial activity in different countries—found that countries with a higher overall level of start-up activity also tended to have a larger proportion of women involved.

¹ *Global Entrepreneurship Monitor—2000 Executive Report*: Babson College, Ernst and Young, Kauffman Centre for Entrepreneurial Leadership and the London Business School



Although Victoria has experienced strong growth in women-operated small businesses, these are still substantially below the number run mainly by men. Women entrepreneurs are, therefore, a valuable but under-utilised resource and, as new small businesses are one of the most effective ways to generate employment growth, supporting their activities will promote economic growth and employment.

Women entrepreneurs require a different kind of service and support because they tend to have different ways of approaching their career and self employment than men—often because of family and community commitments—and they face different challenges.

In 1996 the Yellow Pages Small Business Index published a Special Report on Women in Business². This study indicated that while survey respondents believed being a woman made no difference in business dealings with clients, suppliers or other business contacts, there was concern that banks and financial institutions were less sympathetic to women than to men.

A survey in the US of women owners of fast growth businesses³ showed that access to and use of capital are key components of fast business growth. However, only 39% of women who own fast-growth firms have a commercial bank loan, compared to 52% of men. The survey showed that women are more inclined to rely on personal debt than seek commercial loans. Also, women owning fast-growth firms are less likely to share ownership of their firms with outside investors than their male counterparts. Only 28% of women, compared with 49% of men, share ownership.

Women generally have fewer financial resources. They tend to own less, inherit less and generally earn less. They also lack time, often combining

their work with caring responsibilities for children, the elderly and others in the community. Of the women operating small business in Victoria, only 40% work full time, which can impact on the ability to access training. Yet they are better educated than their male counterparts with 34 % having a tertiary qualification compared with 27% of men.⁴ Therefore, women are well placed to leverage from accessible support tailored specifically to their needs.

In one week Julie Schmidt can see three tonnes of wax, which her business Oz Candles turns into 9000 coloured, fragrant candles for the gift market. Julie bought Oz Candles, located in Newstead, Victoria, in 1988, growing it to produce quality, long-lasting candles that became popular with consumers and a variety of retailers. She recently increased sales by 10%, improved profitability and added staff, now running her business more efficiently and professionally as a direct result of assistance from the Small Business Counselling Service Inc. (SBGS).

The counsellors helped Julie write a business plan, improve marketing strategies, and encouraged her to adopt a more pro-active approach to networking. Their constructive criticism and support allowed Julie to take a different look at her business by working on it rather than in it.

Julie recommends a simple approach to business. “I like to keep it simple,” she says. “Think about what’s important for your business...and consider things carefully before you buy. You can’t spend what you can’t repay.”

² *Yellow Pages Small Business Index—Special Report on Women in Business: February 1996*

³ *Entrepreneurial Vision in Action: Exploring Growth Among Women and Men-owned Firms*, National Foundation for Women Business Owners, USA February, 2001

⁴ *Characteristics of Small Business*, Australian Bureau of Statistics, 1999. Cat. 8127.0

Victoria's Strategy for Women in Small Business

Whole of Government Approach

The Victorian Government is committed to promoting the role of women in small business. In our policy statement 'Taking Care of Small Business' we outlined the special role of women in small business and noted that women have a very good record of setting up and surviving in small business. We aim to build on this success by:

- promoting and encouraging better access to finance from banks and non-bank financial institutions
- ensuring equal opportunity principles apply to government tendering and grant processes
- building stronger networks for women in small business
- ensuring that training and development programs are sufficiently flexible to take account of the specific needs of women, and
- better promoting the role and opportunities for women in building and operating small businesses.

Showcasing Women in Small Business delivers on these commitments. It has developed from 'Showcasing Small Business', the Victorian Government's strategy for small business released in October 2000. That strategy contained a commitment to "recognise and support the role of women in business as well as identify areas for greater government involvement." It is also part of the Victorian Government's overall strategy to support all women and girls in Victoria, *Valuing Victoria's Women: Forward Plan 2000-2003*.

Within the Victorian Government itself, women have a significant role for the first time. There are eight women Ministers in a Cabinet of 19, and women are in key Ministries covering information and communication technology, planning, education, energy and resources and small business.

The Government has also ensured that women are better represented on advisory groups, the judiciary and boards on which it has an influence. The rate of appointment of women to Government boards and committees is now clearly increasing.

As part of Valuing Victoria's Women: Forward Plan 2000-2003, **Showcasing Women in Small Business** complements a number of other Government initiatives targeted at training and employment opportunities for women, as well as balancing work and family responsibilities.

These initiatives include:

- a report on family friendly policies and practices available in Victorian public and private industry sectors⁵
- increasing the participation of children in funded preschool programs
- a gender strategy for Victorian schools
- re-skilling mature-aged women for employment in areas where there are skill shortages and employment opportunities
- programs to support women in leadership
- a flexible work program across education workplaces, and
- a consultative forum program for women.

The Department of Education and Training runs a suite of programs to support women in leadership. It has also introduced a flexible work program and has established a website that provides practical tools and models to aid managers in implementing more family friendly practices.

⁵ *Business v Bathtime: The Work and Family Report* October 2000, Department of Premier and Cabinet



The Bracks Government has made a commitment to hear the voices of women in developing the State into the future. Part of this commitment is recognised in the ongoing *Women's Consultative Forum Program* undertaken by the Minister for Women's Affairs. One of these—*Women Building Bridges: Professional Networks Supporting Women in Non-traditional Employment*—has resulted in the networks directory that is a key component of **Showcasing Women in Small Business** and will soon be released.

Recognising the Contribution of Rural Women

The Victorian Government provides considerable support for rural women. The Rural Women's Network (RWN) within the Department of Natural Resources and Environment (DNRE) has a number of programs and initiatives acknowledging successful women in rural areas, such as the Rural Industries Research and Development Corporation (RIRDC) award and the Rural Women's Leadership Bursaries. The RIRDC Rural Women's Award supports women who have an innovative project in agriculture and resource management-related industries. The Rural Women's Leadership Bursaries support rural women's leadership development.

The RWN also has undertaken initiatives to ensure that women are fairly represented on rural committees and boards. The WARM (Women in Agriculture and Resource Management) register is a database containing the professional profiles of women with expertise in the agriculture and resource management sector. The Effective Company Directors course for rural women provides training in the skills necessary to become effective board members.

The twelfth annual Women on Farms Gathering was held in April 2001 and supported by the RWN as well as the Office of Rural Communities within the Department of Innovation, Industry and Regional Development. It brought together over 250 women who work or live on farms or in rural communities. The Gatherings provide a yearly networking and skill development opportunity for Victorian rural women.

In addition, the RWN produces the NETWORK newsletter, which addresses rural women's issues such as isolation and promotes the sharing of stories, views and regional happenings. The free newsletter is distributed three times per year and rural women write 75% of its content.

Networking was also a focus of a regional program sponsored by the Victorian Government in Western Victoria. The Women in Business Networking Seminars in Casterton and Portland, held in August 2001, provided an invaluable opportunity for local women in business to network and develop business-related skills.

Regional Victorian Women have participated in a 'Women in Business Mentoring Program' in Albury Wodonga run by the NSW Government. Information from this program, together with a pilot program run in Castlemaine has been used to develop a mentoring program for women in business in Victoria that forms an integral part of **Showcasing Women in Small Business**.

These initiatives have provided a sound understanding of the issues affecting Victorian businesswomen. From extensive research and discussions with women in business, the Victorian Government has developed a clear strategy to support women in small businesses across the State.

Showcasing Women in Small Business Strategy:

Key elements of the strategy are:

- preparing women to access finance
- mentoring
- networking
- monitoring women's access to Victorian government assistance, and
- research on women's entrepreneurial and small business activity in regional Victoria.

Details of these initiatives are set out below.

Access to Finance

Small businesses typically have greater difficulty in raising finance for expansion than large businesses that have the resources to access capital markets through the stock exchange or commercial loans from the finance industry. Small businesses have fewer options available and less time to examine the alternatives. A Yellow Pages special report on Innovation in Small and Medium Enterprises indicated that Government programs aimed at lowering costs and improving access to finance, skills, technology, research and research organisations would have the greatest impact on SME behaviour.⁶

For women in small business specifically, accessing finance represents an even greater challenge. A recent report from the National Foundation for Women Business Owners in the US⁷ stated that: "Capital is the lifeblood of any business, and access to capital can be especially problematic for women-owned firms, many of which are service based firms with owners who may not have had formal education in financial matters." Of women business owners surveyed

in Australia by the Foundation, 41% considered that access to capital is a very important or extremely important issue in their businesses and that training sessions on finance, marketing and other business issues would be very helpful.

Wendy Moss—Catnip Australia Pty Ltd

Wendy is the Manager of a team at Catnip Australia Pty Ltd in Stawell, Victoria. Catnip is a manufacturing, retail and mail order service of a system of cages and tunnels that allows cats to roam inside or outside the house, even when the owners are not at home. In 1993, the system featured on the television show 'Talk to the Animals' with Dr Harry Cooper, and orders from all over Australia poured in.

Wendy organised the entire business herself, performing office duties and looking after finance, marketing and even assisted with training of sub-contractors. Having no knowledge of general business practices, she had to solve each problem as it came along. It paid off—today Catnip is a national trading company and Wendy, with her husband Robert, has travelled all over Australia setting up new outlets and training people to install the system.

Catnip won the Eco Living Award 1996 sponsored by Northern Grampians Shire, Commonwealth Department of Tourism and Monash University.

Wendy's key tip for success: "Have a go—ask questions, go to seminars, access information." She thinks that "women are good planners and organisers and they should capitalise on this."

⁶ *Yellow Pages Business Index: Special Innovation Report—Small and Medium Enterprises*, February 2001.

⁷ *The Face of Women Entrepreneurs: What we know today*, Julie Weeks, Director of Research, National Foundation for Women Business Owners, USA.

Showcasing Women in Small Business contains three key services that will help businesswomen to better access finance:

- *'Show Me The Money!—A Woman's Guide Through the Financial Maze'*
- seminars
- workshops

Publication

'Show Me The Money!—A Woman's Guide Through the Financial Maze' was developed from information on the Department of Innovation, Industry and Regional Development's Business Access website⁸ on financing small business growth. This information was adapted specifically for businesswomen to help them identify the financial instrument that best suits their needs. It details the different financial products available and provides insights into financiers' perspective and how to approach them with detailed knowledge, not just of your product but of the market and its prospects.

The publication encourages women to recognise their strengths and build on them, focusing on those qualities where they excel to leverage off these advantages and develop the confidence needed to approach financiers. It equips women with the information required to mitigate negative perceptions, as they are often in industries considered to have higher risk because of low barriers to entry. It recognises that women tend to rely more on personal debt rather than commercial loans and are reluctant to take on external equity.

Like many people in small business, women often have good knowledge of what they do but may have had no training in finance and so are unaware of the options available. The huge range of financial products on offer and the differing terms, conditions and costs associated with them can be confusing and overwhelming.

'Show Me The Money!—A Woman's Guide Through the Financial Maze' provides an impartial comparison of these products and also addresses confidence and presentation skills. First impressions in meeting a financier can be particularly important and it is critical that a professional image is presented. Tips about the kind of information financiers expect will also prove helpful.

Example: Miranda Walters is a physiotherapist who, after working as an associate for six months, wanted to set up her own practice in a new location and borrow \$20,000 as working capital and establishment costs.

In her presentation to the financier, Miranda provided a detailed cashflow for years one and two that included realistic patient numbers to be obtained in the establishment of the new business. However, she also had to show how she expected to attract these patients and that she had what it takes to make the transformation from an employee to a business owner, in order to mitigate the financier's perception of 'new business risk'.

Miranda identified the sales and promotion activities she had planned, as well as a number of mentors from the industry who were prepared to support her in this process. She also involved her accountant in the meeting to confirm that she has financial management support to get the business up and running.

⁸ www.businessaccess.vic.gov.au

Miranda had to convince the financier that her preparation was also focused on managing ‘business risks’.

The finance was raised with no physical security being provided—Miranda’s profession and her ability to receive a reasonable salary in it were ‘intangible’ levels of security, and she was required to sign a personal guarantee.

Seminars

The information in the publication will be used in a series of seminars and workshops. The two-hour seminars provide a snapshot of all the options available. The best option for small business is sometimes considered to be debt finance. This is because it is often difficult to interest an external investor in taking the risk of a start-up business. Debt finance also enables the owner to maintain control over the business rather than having to give a percentage of ownership to another investor. However, in some instances, equity funding is the best option. These seminars will provide a brief overview of the options available.

Workshops

The workshops are designed for those who want more detailed help and information. Again the emphasis will be on debt funding. Over two half-day sessions⁹, a week apart, participants will be taken through an exercise that will enable them to assess their ability to present a financial submission on their business to a financier.

Further, individual assistance will also be available via the Small Business Counselling Service¹⁰.

Mentoring

Mentoring involves a one-to-one exchange between a more experienced person (mentor) and a less experienced person (mentoree) and is an effective way of developing high-level management skills. In a successful mentoring relationship, the skills exchange is two-way, with the mentor gaining leadership and coaching skills along with another perspective. The mentoree gains positive and immediate reinforcement and feedback, recognition, new skills and knowledge, new resources and networks and personal support.

As part of **Showcasing Women in Small Business**, we have developed the **Small Business Mentoring Program** to meet the growing need for counselling to women-led businesses. It follows a pilot mentoring program undertaken by consultants and coaches from the Small Business Counselling Service.

Showcasing Women in Small Business

acknowledges the valuable role of mentoring and provides better networking and mentoring opportunities for small business operators. Our ‘**Small Business Mentoring Program**’ is designed specifically for women running their own medium, small and micro businesses. The program provides businesswomen with individual mentoring by a team of skilled advisers over almost a year. It also provides opportunities for participants to network and assist each other in their local community.

⁹ A fee will be charged for the Workshops

¹⁰ The Small Business Counselling Service is a non-profit organisation that provides counselling, mentoring and coaching to business operators throughout Victoria. www.sbcs.org.au

Each delivery will involve approximately 10 participants for a period of 9-10 months. Participants will be charged a fee for the program, which provides them with specially selected business mentors. The program involves an initial 'diagnostic' assessment of each participant's business, some group meetings of all mentors and mentorees within a local area as well as individual mentoring sessions between the mentorees and the mentors. The sessions will include a formal component where the mentors and mentorees discuss specified business issues, as well as an informal component where any issue of interest might be discussed; and networking opportunities at each group session.

At the completion of our [Small Business Mentoring Program](#), each participant will have improved management skills and competencies required to support long-term growth and also to encourage networking and benchmarking.

The mentors will provide strategic advice and guidance to:

- provide an independent assessment of the business
- develop and implement business goals
- broaden the firm's networks and client base
- participate in financial and strategic decisions, and
- improve management skills and expertise.

Networking

The seminars and workshops on access to finance, as well as the mentoring program, will offer substantial opportunities for participants to network.

Women business operators tend to have a strong desire to network with one another. A survey conducted by the US National Foundation for Women Business Owners in Australia showed that 38% of women business owners felt that meeting regularly with other women business owners to share ideas and experiences was very or extremely helpful.⁷

As part of the celebrations for International Women's Day in March 2001, the Government hosted a consultative forum entitled *Women Building Bridges: Professional Networks Supporting Women in Non-traditional Employment*. The fourth in an ongoing series of Women's Consultative Forums, the forum brought together women from a range of professional and trade networks and from other women's organisations.

Their comments are contained in the publication *Women Building Bridges—Professional, Business and Trade Networks*. This publication, soon to be released, is a directory of networks supporting women that will help business women identify important contacts as well as construct their own networks.

Women in Horticulture is a network of women living in rural and regional Australia. The network developed as a way of raising the profile and promoting the horticultural industry. There are several smaller networks throughout Australia each networking to address issues, and bring awareness of local product to local communities.

One small network of women started with its involvement in a promotional festival in Swan Hill. Members have now travelled overseas to places such as Singapore and Hong Kong to investigate new export markets and develop international contacts for their products. Women tomato growers in Boort, Victoria have also formed a network of growers to promote their product and look for new markets overseas.

The North East Women are currently working towards attending the 3rd International Congress for Women in Agriculture in Spain in October 2002. That trip will also have a study tour of Western Europe and its growing areas. There will be a number of the smaller networks coming together to attend the Congress.

Monitoring Women's Access to Victorian Government Business Assistance

The Victorian Government provides business operators with business support services intended to address a range of business needs. These include a number of enterprise improvement programs designed to raise management skills and facilitate business growth.

The Bracks Government also sponsors events and awards to recognise the skills of small business operators. It is encouraging women in small business to access these business support services and ensure that they are designed and delivered to meet the needs of women in business. Accordingly, the Department will monitor access by women to the relevant services.

A **Women's Resource Policy Unit** has been established within the department of Innovation, Industry and Regional Development to ensure that women's policy issues receive appropriate and ongoing attention, with individual divisions remaining responsible for the implementation of specific women's policy initiatives.

Research of Women's Entrepreneurial and Small Business Activity in Regional Victoria

The Victorian Government supported a study by the University of Ballarat to research the activities of women in business in regional Victoria. The study provided information on the sectors of the economy, business growth models, operational styles and communication patterns preferred by businesswomen. It identified the key success factors as well as particular difficulties they experience and how they might be assisted to meet those challenges.

The study involved a major survey as well as a number of consultation sessions and workshops with groups of businesswomen from Victoria's western region. The study has highlighted the initiatives of these women, not only in developing local markets for their products, but also in embracing the global economy. It has also identified a number of significant challenges faced by women, in particular, access to finance.¹¹

Maggie Marriott—Buoyage Systems Australia

Buoyage Systems Australia, at Stawell in western Victoria, has grown from a small one person business in the early 1990s to become a major supplier of its product. Maggie Marriott established the office and company website that generated many inquiries from overseas. Buoyage Systems designs and manufactures maritime navigation marker buoys and floating barriers. It also supplies all navigation classifications as well as installing and providing an on-water service for its products.

A true entrepreneur, Maggie has also established a tourism promotion and booking agency in the Grampians of western Victoria, which, in the short time it has been operating, has helped develop the local tourism industry.

Maggie's key tips for success are: "Identify opportunities and provide your clients with the solutions they require. Communication is the key. Make full use of today's office technology in order to use your time effectively and efficiently."

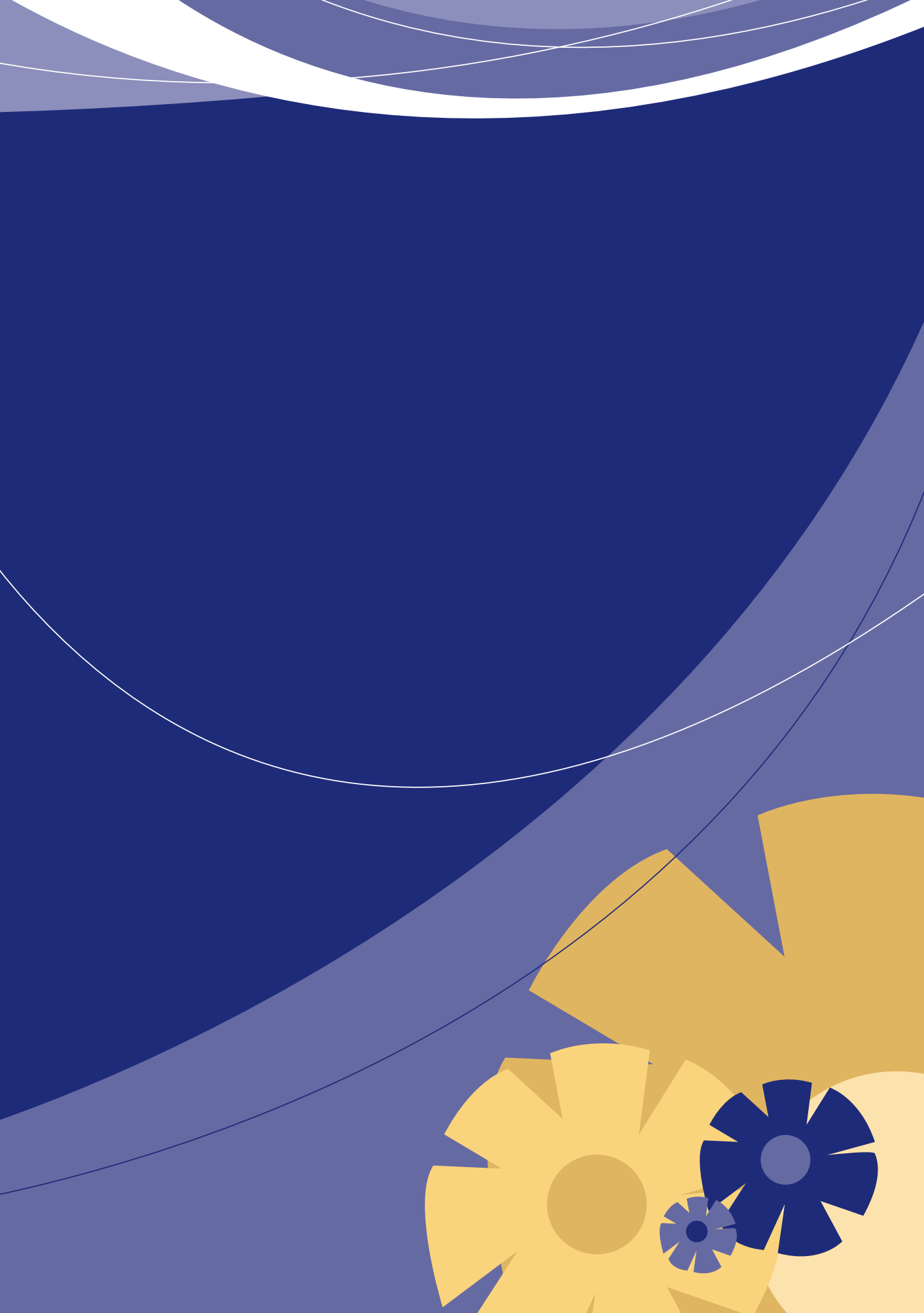
¹¹ *A Model for Success—Women's Entrepreneurial and Small Business Activity in Regional Areas*, by Dr Janice Newton, Dr Lorene Gottschalk and Dr Glenice Wood University of Ballarat, 2001

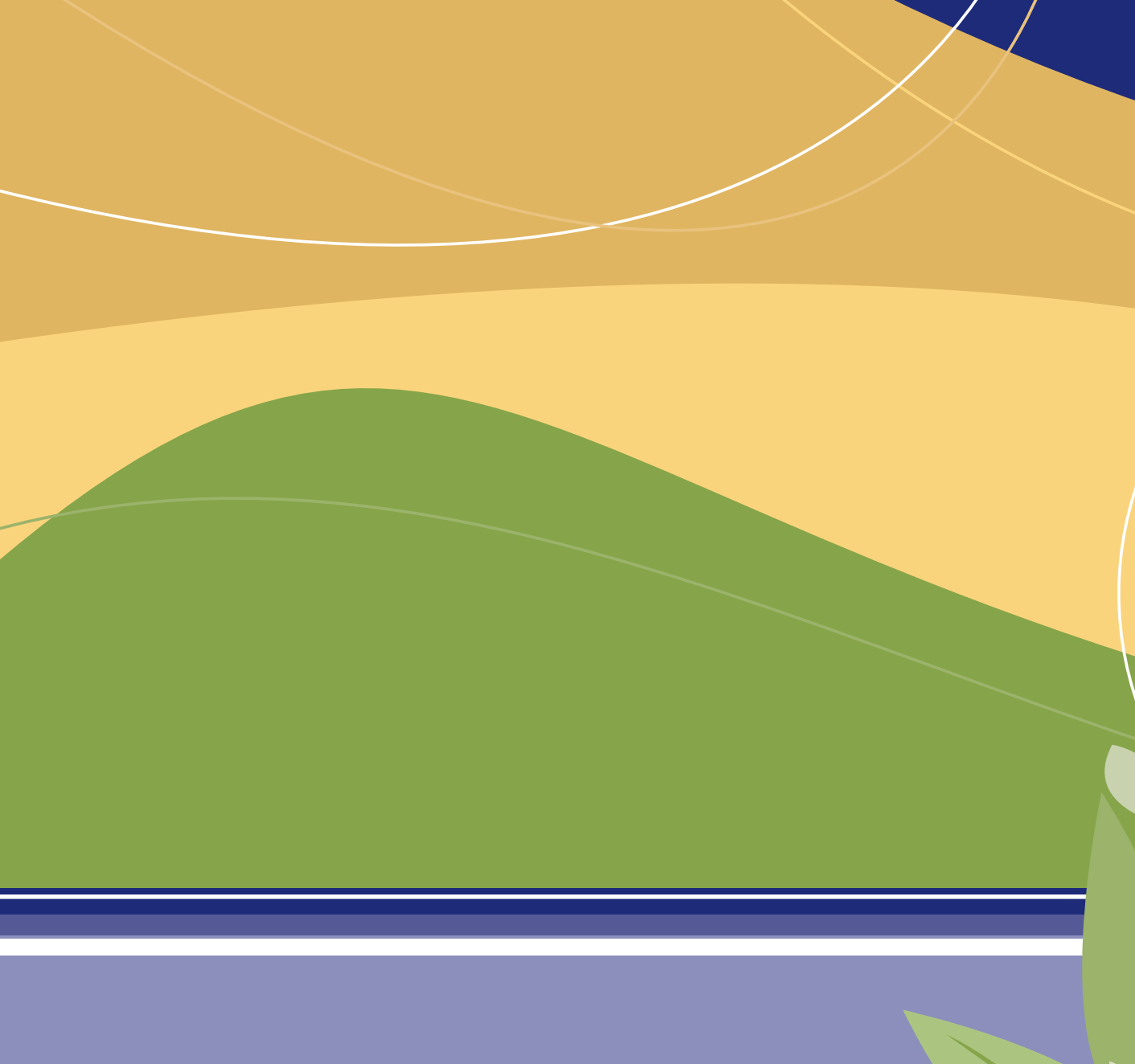
Conclusion

The Victorian Government believes that the initiatives described in *Showcasing Women in Small Business* are of real and practical benefit.

This strategy is about showcasing women's achievements to further promote entrepreneurship among women. It will:

- give visibility and recognition to women as creators of business and promoters of the economy
- influence governments and the private sector about the impact of women entrepreneurs
- meet the growing need for mentoring and counselling to women-led businesses, and
- overall, promote women in small business and their significant achievements.





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