

'Community Conversations'



Edition 5, June 2010

Produced by the Cotton Catchment Communities CRC

Innovative Small Business in Communities

Introduction

Small business is the lifeblood of country towns. They keep farm businesses ticking over with vital producer services and supply the daily needs of both local consumers and other service enterprises. Their survival, then, is critically important for health of country towns, and that is relatively easy under normal seasonal conditions or when commodity prices are strong. Under such conditions, local jobs are plentiful and cashed up consumers spend freely.

However, rural economies often encounter turbulence in the form of drought and low commodity prices. Smaller service centres also face relentlessly increasing competition from larger towns whose wide range of competitively priced goods and services, not to mention modern retail infrastructure, proves a strong drawcard. The first decade of the 2000's saw most of these adverse conditions strengthen and our task for the Cotton Catchment Communities CRC is to explore how small businesses in such towns as Warren, Wee Waa, St George, Moree, Dalby and Emerald are responding innovatively to such stressful operating conditions. We outline here our first impressions gained from meetings with local business-people.



The Research Findings

Innovation, in the words of one respondent, is about identifying business deficiencies or weaknesses and thinking through alternative approaches. However, it seems that the trigger for such action is the threat posed by turbulent operating conditions, rather than strategic 'blue sky' ambitions. In good times businesses tend to go with the flow.

Threats typically come from:

- competitors,
- changing demands from both farmers and the local community,
- legislative changes which may reduce farm income or impose additional business costs,
- new technologies which alter both consumer needs and the task of selling things,
- time pressure as owners struggle to reinvent their enterprises,
- difficulties in obtaining and retaining suitably skilled employees (mentioned repeatedly to us),
- lack of peer support for stand-alone businesses – providing feedback on innovative ideas, and
- the fact that the effectiveness of private action is conditioned by the success of other local enterprises.



So, many small businesses face threats not just from their operating environment but also from the risks of taking action and raising the finance to do it.

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Current innovations in rural small businesses

These threats have led to small businesses adopting incremental strategies in developing their enterprises focused largely on performing current tasks more efficiently and effectively. Innovations reported to us covered all aspects of business management:

- stock control – for example, reduced inventory, speeding up turnover, stocking items with higher margins, and looking for new lines not kept by competitors;
- revising operating hours – either increased or reduced according to kind of business;
- improving business image through revised layout, (window) displays, signage, business name, and improved service quality;
- price competition – including wider use of specials;
- better positioning of businesses through effective advertising (often sponsorship of community events) and extending market area;
- merging separate businesses to simplify management;
- staff management – training and multi-skilling, matching skills to work, strong hiring practices and staff guidance, encouraging creativity and self-reliance, and
- improving financial management and reporting financial conditions to staff openly.

These tactics are easier said than done, and it appears to us that many such innovations are a part of a continuous learning process for management itself. No doubt, too, it is easier for owners and managers who are networked with their peers in similar industry sectors or the wider business community.

By **Tony Sorensen, Bernice Kotey and Ron Reavell**
(University of New England)

This project is funded by the Cotton Catchment Communities CRC and is due for completion in October 2010. Information for individual towns studied as part of this project will be available in the coming months and posted on the Cotton CRC website.
(www.cottoncrc.org.au)



Recipients of the 2010 Community Action Fund

This fund has been established to support people in rural communities who are actively working towards sustaining their respective communities. The following community organisations have received a boost of \$1,000 towards implementing their community project.

Nigyanni Indigenous Corporation - Art Classes in the Pilliga, Gwabegar, Cuttabri and Kenebri.

Joblink Plus Youth Connections Program - Homework Group after school in Burren Junction.

Queensland Rural Women's Network Barambah Branch - Sth Burnett Community Foundation

Other applicants whose projects would benefit from further development and additional funding support, will be provided with an opportunity to work closely with a Professional Grants Writer to further refine their project concept and seek funds from other sources.

ANNOUNCEMENT

**2011 SUSTAINING RURAL
COMMUNITIES CONFERENCE
WILL BE HELD IN
NARRABRI
AT
THE CROSSING THEATRE
TUESDAY 22ND MARCH
WEDNESDAY 23RD MARCH**

For Further Information
Contact Community Officer
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