



IPP and Hearing the Voice of Indigenous Business

Executive Summary



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Executive Summary

Indigenous Professional Services (IPS) and Supply Nation have together undertaken a comprehensive survey of Indigenous businesses in Australia. IPS have designed and analysed the survey and Supply Nation distributed the survey to their database of 1047 Indigenous businesses and 161 responses were received.

The survey aimed to answer these questions:

- Who is engaging with the IPP in terms of businesses and government agencies?
- What's working well?
- What are the challenges for Indigenous Businesses?

The survey also covered engagement between Indigenous businesses and Corporates by examining:

- What's working well?
- What are the challenges for Indigenous Businesses?

The survey found that Indigenous businesses have been stimulated to engage with the Federal Government as a result of the Indigenous Procurement Policy (IPP). Currently, 41% of respondents are currently working with the Federal Government, while 80% of respondents have tried to attract Federal Government business. They are doing this by marketing to Commonwealth agencies, but also by responding to direct approaches from Commonwealth agencies and departments to their business through Request for Quotation processes. An analysis of marketing strategies and ways of winning work shows that having their business on Supply Nation's Indigenous Business Direct (IBD) publicly available database is the most effective way to win business from the Federal Government.

Most businesses find out about Federal Government opportunities through Austender. Other ways are relationships, direct request for quotes, open tender processes, IBD and referrals.

The majority of businesses had contracted work valued at \$100K or less since July 2015 however 27% of respondents have contracted work worth more than \$1m

Most of the respondents had a diversified client base with the IPP representing 25% or less of current business for 74% of businesses who responded. 70% of respondents thought that the IPP had had neutral to negative impact. On the surface a result like this might give the perspective that the IPP is not having an impact or making a difference at all. But when you put this result into context of the other result indicators, you begin to understand that the respondents are not relying solely on Federal Government contracts. They have stated that the IPP is contributing to 25% of their total work.

Respondents identified several challenges related to marketing and winning work with the Federal Government including:



- Finding the right people to contact
- Difficulty in establishing relationships
- Lack of understanding of the IPP within the Federal Government
- The procurement process
- Reluctance to engage
- Business size
- Cost of travel to Canberra and events

Indigenous businesses are actively engaging with corporates to try and win business with 81% having tried to market to corporates.

The respondents main marketing strategies include following up contacts and leads, attending events and contacting procurement teams. As most of the businesses in the survey started working with a corporate through an existing relationship or after meeting at an event these marketing activities can be seen as useful in terms of building relationships.

More of the respondents are working with Corporates (73%) than are working with the Federal Government (41%). Given that many of the respondents have been in business for more than 5 years and the relatively new IPP it would seem logical that most Indigenous businesses have built their business working for Corporates.

Indigenous businesses are doing more business with Corporates than Government, and of these 37% Corporates are Supply Nation members. Given the relatively few Supply Nation corporate members it seems logical to conclude that corporates that are Supply Nation members are more likely to engage with Indigenous businesses.

The majority of respondents (69%) find out about work opportunities through relationships with key contacts. 51% find out through referrals. This would indicate that relationships and reputation play a key role in winning work from Corporates.

The key reasons for receiving direct requests for quote or proposals were:

- Reputation, including word of mouth referrals, strong business capabilities, and reputations built up over many years in business and the quality of services provided.
- Being registered with Supply Nation and on the Indigenous Business Directory was also a strong source of quotes and referrals.
- Corporate Social Responsibility which includes the need to meet diversity targets and be engaged with the Indigenous community to satisfy corporate social responsibilities was also an important factor.

Respondents identified several challenges related to marketing and winning work with corporates including:

- Finding the right people to contact
- Reluctance to engage
- Business size
- Corporates are often focused on local Indigenous businesses
- Preferred supplier lists



- Low expectations

The sentiment section of the survey was designed to find out how Indigenous business owners were feeling about the outlook of their business. Positively, 84% feel the current situation of their business is satisfactory or good. 60% feel their current revenue level is normal or above normal with 54% expecting their revenue to go up in the next 3 to 4 months. 64% expect the business situation of their company to be better or much better over the next six months.

The majority (58%) of businesses had received some sort of support and on this basis it seemed that there is a lot of support out there. Many businesses (34%) had received support from Supply Nation or Indigenous Business Australia IBA. The respondents identified a number of opportunities to improve support including:

- More up to date learning programs
- Funding assistance
- Assistance with professional services
- Practical business support including mentoring that will help businesses move to the next level and translate into real results
- Marketing support including pitching, making contacts and use of marketing tools.

33% of respondents were member of Indigenous Chambers of Commerce. Respondent's identified that the role of ICC's is an advocacy of Indigenous business and to also provide professional development and capability development to Indigenous businesses.

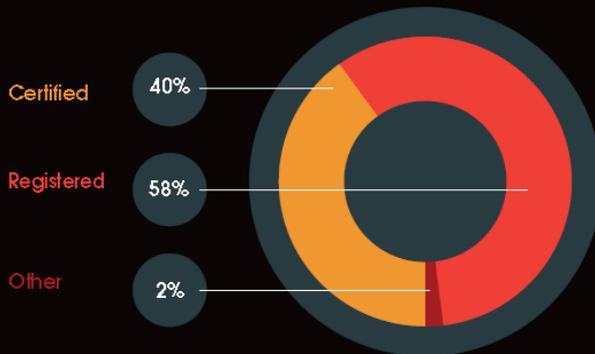
Disclaimer:

The survey was sent to 1047 businesses and 161 responded. The responses were self-identified and are not necessarily accurate. The sample of data is not necessarily representative of the broader Indigenous business sector and may be prone to selection bias. However, the results provide an insight into the thoughts, trends and challenges facing Indigenous business owners today.

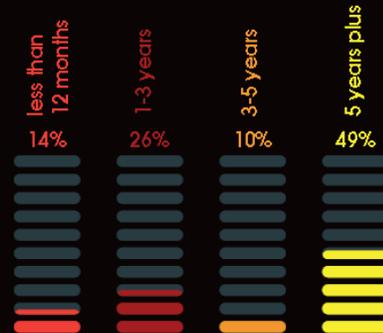


DEMOGRAPHICS

Type of Indigenous Business



How long has your business been trading?



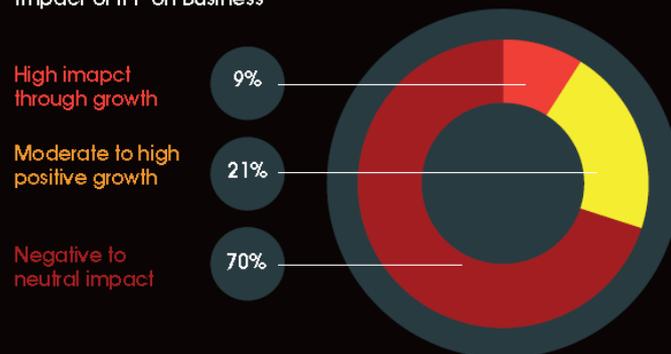
WINNING WORK

35% of businesses said that they started working with the Federal Government after an approach from Supply Nation's Indigenous Business Directory

- 57% of work contracted to July 16 is below \$100,000.
- 74% of businesses said the IPP is contributing to 25% of their total work.
- 41% are currently working with a Federal Government Department or Agency.
- 56% of Indigenous businesses received feedback after completing work with the Government.
- 73% are currently working with Corporates, and of these 37% are Supply Nation members.
- 20% of Indigenous businesses are second tiering to a Corporate who is working with Government.

IMPACT OF IPP ON BUSINESS / SENTIMENT AND BUSINESS SUPPORT

Impact of IPP on Business

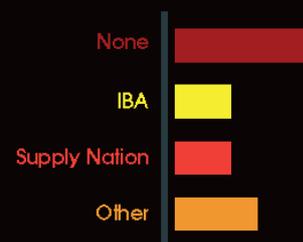


Sentiment

- 84% positively, 84% feel the current situation of their business is satisfactory or good.
- 40% expect the number of people employed by their business to increase over the next 3 to 4 months.

Business Support

The majority of businesses had received some sort of support.



40% of respondents had received no business support.

