



Australian Government
Department of Industry,
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Office of the
Chief Economist

Entrepreneurs' Programme: Programme Monitoring Evaluation

Evaluation Unit and Nous Group

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Programme Monitoring Evaluation

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Glossary

ABN	Australian Business Number
ABS	Australian Bureau of Statistics
AC	Accelerating Commercialisation (one element of EP)
ATO	Australian Taxation Office
ANZSIC	Australian and New Zealand Standard Industrial Classification
BE	Business Evaluation (sub-element of BM)
BGS	Business Growth Services (sub-element of BM)
BGG	Business Growth Grants (sub-element of BM)
BLADE	Business Longitudinal Analysis Data Environment
BM	Business Management (one element of EP)
CA	Commercialisation Australia (pre-cursor programme)
EC	Enterprise Connect (pre-cursor programme)
EIR	Expert in Residence
EP	Entrepreneurs' Programme
FTE	Full Time Equivalent staff
IC	Innovation Connections (one element of EP)
ICF	Innovation Connections Facilitation (sub-element of IC)
ICG	Innovation Connections Grant (sub-element of IC)
IS	Incubator Support (one element of EP)
KPI	Key performance indicator
NEI	New and Existing Incubator
NISA	National Innovation and Science Agenda
PAT	Program Analytics Tool
PM&C	Department of Prime Minister and Cabinet
RIF	Regional Incubator Facilitator
SCF	Supply Chains Facilitations (sub-element of BM)
SME	Small and medium enterprise
TPP	Tourism Partnerships Plans (sub-element of BM)

1. Executive Summary

The Entrepreneurs' Programme (EP) is the government's flagship initiative to support capability development and innovation at the firm level. It is delivered by the Department of Industry, Innovation and Science (the Department).

EP is the largest grant and services program operated by the Australian government for Australian businesses. It was announced in the 2014-15 budget and launched in July 2014 with funding of \$484.2 million over four years.¹ The program comprises four elements targeting some of the longest running and most intractable issues confronting small and medium sized businesses in sectors with growth, innovation and export potential.

EP offers personalised, face-to-face advisory and facilitation services on a non-competitive basis, together with competitive grant opportunities, to any motivated firm satisfying its eligibility criteria. Its focus on business capabilities, networks and international orientation recognises that these characteristics are necessary pre-requisites for sustained performance improvement in those sectors.

This evaluation comprises a Monitoring Evaluation of the Accelerating Commercialisation (AC), Business Management (BM) and Innovation Connections (IC) elements of EP. Where relevant and available, this report excerpts findings from the post-commencement evaluation of Incubator Support (IS). No new data collection was undertaken for this evaluation, keeping the focus on analysing and synthesising the data available to date.

This evaluation is the second of three EP evaluations that were scheduled in the EP Evaluation Strategy that was endorsed in 2015 (Figure 1.1).

Figure 1.1: Timing of EP evaluations



Source: (Department of Industry, Innovation and Science, 2018c)

This evaluation found that EP is demonstrating progress towards all program outcomes (Table 1.1). The majority of participants in Business Management, Innovation Connections and Accelerating Commercialisation report improvements in capabilities specific to the EP service accessed. In addition, most businesses were able to expand their business, research or commercialisation networks through their participation in EP. Business performance was assessed using self-reported data where available (pending the availability of Business Longitudinal Analysis Data Environment (BLADE) data in 2020/21). Analysis of this data shows that improved business and commercialisation performance is achieved by a majority of programme participants. However, it is not possible at this stage to estimate if EP participants outperformed similar non-participating firms. The difference in outcomes between participants and similar businesses that are non-participants will provide more robust evidence on the impact

¹ Including \$92.4 million for the Single Business Service Delivery over four years.

of the EP programme on business outcomes. Such a counterfactual analysis will form part of the planned impact analysis when more data becomes available.

This evaluation also found a high level of satisfaction with EP services. Respondents to the 2017 customer satisfaction survey were very positive in their overall perceptions of the value of the program to their business, which is supported by more recent collection of satisfaction data through final reporting for some elements. Program outcomes are summarised in Table 1.1.

Table 1.1: Key findings related to program outcomes

<p>Improved business capability</p> <ul style="list-style-type: none"> The majority of participants in Business Management, Innovation Connections and Accelerating Commercialisation report improvements in capabilities specific to the EP service accessed <p>Effective business, research and commercialisation networks</p> <ul style="list-style-type: none"> Most businesses participating in the Entrepreneurs' Programme were able to expand their business, research or commercialisation networks <p>Improved business and commercialisation performance</p> <ul style="list-style-type: none"> Pending the availability of BLADE data in 2020/21, individual elements have also collected self-reported financial data from participants to varying extents, including turnover, exports and employment data (FTE). Analysis of this self-reported data shows that improved business and commercialisation performance is achieved by a majority of programme participants <p>Participants valuing the programme</p> <ul style="list-style-type: none"> Respondents to the 2017 customer satisfaction survey were very positive in their overall perceptions of the value of the program to their business, which is supported by more recent collection of satisfaction data through final reporting for some elements

Each of the EP elements are contributing to the program outcomes (Table 1.2). The Accelerating Commercialisation element approved 400 grants totalling \$196 million between November 2014 and June 2019. For every grant dollar awarded, Accelerating Commercialisation participants raised \$3.74 in new capital on average. These participants reported improved commercialisation capability, broadened networks, and new commercialisation revenue.

The Business Management element provided participants with 5,704 business evaluations, 762 supplier improvement plans, 462 growth plans, and approved \$64 million in grants for 3,891 businesses between July 2014 and June 2019. These businesses reported improved management capability, enhanced supply chain integration, and the generation of new export opportunities.

The Innovation Connections element delivered 2,616 facilitation services and provided 872 grants totalling \$54 million between September 2014 and June 2019. As with the other EP elements, participants reported real outcomes from the program. Innovation Connections participants improved their ability to address research problems and their ability to innovate. They increased R&D expenditure and developed ongoing relationships with researchers placed through the program.

All three of these elements receive very high satisfaction ratings, with participants recognising high value to their business, and recommending participation to others.

While data is limited, participation in the Incubator Support element also appears to confer benefits on businesses through broader networks, access to mentoring and workshops, and access to international markets.

Table 1.2: Key findings related to **element outcomes**

Accelerating Commercialisation outcomes

- Participants report improved capability and investment, and report data shows new capital flowing into these businesses
 - *Participants attracted \$553 million in new capital, and 100 per cent of survey respondents report improved ability to commercialise intellectual property*
- Participants report acceleration of commercialisation processes
 - *Three quarters of survey respondents report extension of their networks, and 9 out of 10 remain in touch with their commercialisation adviser*
- Participants report increased turnover from commercialisation and are in-progress or have completed commercialisation
 - *Over two-thirds of participants increase turnover through commercialisation of their product, process or service*
- Participants highly value the service received through the program
 - *Survey responses show 96 per cent of participants perceive high or very high value to their business from the program*

Business Management outcomes

- Participants report increased business capability, and lag indicators such as business performance suggest capability increases
 - *A majority of participants report improved business capabilities, and businesses that implement over half of their management recommendations realise gains in turnover and export revenue*
- Participants report extended business networks and make new connections
 - *A majority of participants report benefits from extended business networks*
- Participants report increased turnover, FTE and export revenue
 - *Three quarters of participants increased turnover, and 60 per cent increased their workforce*
 - *Businesses actively exporting at the commencement of the service increased export revenue in over 70 per cent of cases*
- Participants highly value the service received through the program
 - *Satisfaction with services is very high, with between 76 and 89 per cent of participants reporting high or very high value to their businesses from facilitation services*

Innovation Connections outcomes

- Participants report improved ability to address research problems and innovate, and produce new intellectual property, processes and products
 - *Almost two-thirds of participants increased R&D expenditure during the course of their engagement*
 - *88 per cent of participants stated that they achieved at least one of three potential project outcomes of new intellectual property, product or processes with 66 per cent creating new intellectual property, 60 per cent creating new products, and 53 per cent creating new processes*
- Participants build ongoing relationships with researchers and research organisations
 - *The vast majority (88 per cent) of researcher placements resulted in ongoing relationships with the participants, and the majority of survey respondents reported extended research networks*
- Participants appear to increase turnover, FTE and export revenue, but data is limited
 - *Available administrative data is limited, but shows that 63 per cent of participants increased turnover, 47 per cent increased FTE, and 42 per cent increased export revenue*
- Participants highly value the program
 - *99 per cent of participants report at completion that they were highly satisfied with their experience, and would recommend the program to other businesses*

Incubator Support outcomes (from the post-commencement evaluation conducted in 2018)

- Participants appear to be benefitting from program access
 - *Early reporting suggests participants are benefitting from access to presentations, workshops and mentoring sponsored by the incubators*
- Referrals and connections are likely to extend and deepen networks
 - *Incubators are actively facilitating network expansion, with one incubator connecting almost three quarters of participants to new business networks*
- Anecdotal evidence suggests businesses are seeing performance improvements
 - *Anecdotal reports suggest participants are engaging additional staff and attracting new investment*
- Participants appear to have gained traction in international markets
 - *Incubators have supported discussions leading to buyers meetings, collaborations, negotiations, trials, sponsored marketing trips, venture capital and purchase orders*
- Participants' satisfaction is not currently captured
 - *Customer satisfaction information is not yet available for Incubator Support*

This evaluation also explored the robustness of the EP outcome data collection by considering the sufficiency and appropriateness of KPI measures, the quality of data that is collected, and the discoverability of collected data. Key findings and recommendations against each of these questions are summarised in Table 1.3.

The significant insight from this evaluation is the critical need to improve the coverage and quality of program data ahead of the impact evaluation. Efforts to address these issues should follow and build on the element level data Gap Analyses completed between late 2018 and early 2019. Data quality is impacted by a range of issues, including a lack of consistency across the four program elements, a reliance on self-reported data, limited insight from Yes/No responses in reports, a lack of consistent frameworks to guide evaluations performed by business advisers, and the ageing program-wide satisfaction data set (completed 2017).

This evaluation also encountered significant impediments related to data availability and discoverability. These issues included multiple channels being used to collect data on the same KPI, loss of critical datasets and other data sets being stored on peripheral (not central) systems, and a significant amount of qualitative data generated by advisers and facilitators being captured in reporting tools that are not amenable to rapid extraction and analysis.

As noted in Table 1.3 below, this evaluation recommends scheduling the EP impact evaluation for no earlier than the 2020-21 financial year. This timing will allow for:

- sufficient BLADE data to facilitate a reasonably robust counterfactual analysis;
- time to address the data coverage, quality and discoverability issues highlighted in this evaluation;
- time to bolster the impact evaluation evidence base; and
- generation of more and better quality data for Incubator Support.

It is critical that preparations begin immediately to ensure the 2020-21 impact evaluation is conducted using a robust and complete evidence base.

Table 1.3: Findings and recommendations on data robustness and impact readiness

<p>While data collection in the Entrepreneurs' Programme has improved over time, the EP Data Strategy has yet to be fully implemented and greater prioritisation of efforts to enhance data coverage, quality and discoverability is required ahead of the impact evaluation.</p> <p>Critical gaps remain in outcome related datasets that should be addressed prior to the impact evaluation.</p>	<p>Recommendation 1: Update the EP Data Strategy prior to the end of the 2019/20FY, and prioritise the implementation of recommendations from the element level Gap Analyses, and ensure that necessary changes are cascaded to service delivery documents and practices</p>
<p>Some of the outcome measures rely on indirect proxy measures that infer rather than directly observe change. While this is necessary in some instances, these proxy measures should be augmented with other measures.</p>	<p>Recommendation 2: Element outcomes that currently rely on indirect proxy measures (e.g. implementation of Adviser/ Facilitator recommendations as a measure of improved business capability) should be augmented with additional measures</p>
<p>There are a range of other issues that are impacting data quality.</p>	<p>Recommendation 3: Schedule periodic data quality health checks at least until the Impact Evaluation</p> <p>Recommendation 4: Apply more consistent definitions and business rules around the collection of data for KPIs</p> <p>Recommendation 5: Explore opportunities to efficiently validate self-reported outcomes data</p> <p>Recommendation 6: Investigate the feasibility of following up participants at annual intervals so that outcome achievement can be more comprehensively assessed</p>
<p>This evaluation encountered significant impediments related to data availability and discoverability – which also pose substantial challenges for ongoing program reporting.</p>	<p>Recommendation 7: Standardise data collection practices wherever possible and practical across elements and sub-elements</p> <p>Recommendation 8: Substantially increase efforts to improve data discoverability and accessibility. This will also have immediate and positive flow on implications for ongoing program reporting and analysis</p>
<p>Delaying the impact evaluation until no earlier than the 2020-21 financial year will substantially strengthen the available evidence base – assuming that the data issues identified in this report are adequately addressed.</p>	<p>Recommendation 9: Schedule impact evaluation for no earlier than 2020-21</p>
<p>Lessons from this evaluation highlight the need to commence planning now for the impact evaluation.</p> <p>There are significant gaps in the data and evidence base that will pose challenges for the impact evaluation if not addressed.</p>	<p>Recommendation 10: Establish an impact evaluation working group as a matter of priority</p> <p>Recommendation 11: Identify and commence work to fill critical gaps in the evidence base required to support the EP impact evaluation</p> <p>Recommendation 12: Conduct EP wide surveys of participants to capture satisfaction and other outcomes data as per the EP Data Strategy</p>

2. The Entrepreneurs' Programme

The Entrepreneurs' Programme (EP) is the government's flagship initiative to support capability development and innovation at the firm level. It is delivered by the Department of Industry, Innovation and Science (the Department).

EP is the largest grant and services program operated by the Australian government for Australian businesses. It was announced in the 2014-15 budget and launched in July 2014 with funding of \$484.2 million over four years.² It succeeded and replaced several existing programs, including Enterprise Connect³ and Commercialisation Australia,⁴ bringing a range of firm-level support services under a single umbrella.

The Entrepreneurs' Programme is intended to strengthen business management and networks, enhance research collaborations, facilitate the commercialisation of novel products, processes and services, and support start-ups intending to enter international markets. The overarching program-level outcomes are:

- Improved business capability
- Effective business, research and commercialisation networks
- Improved business performance
- Participants valuing the program.

² Including \$92.4 million for the Single Business Service Delivery over four years.

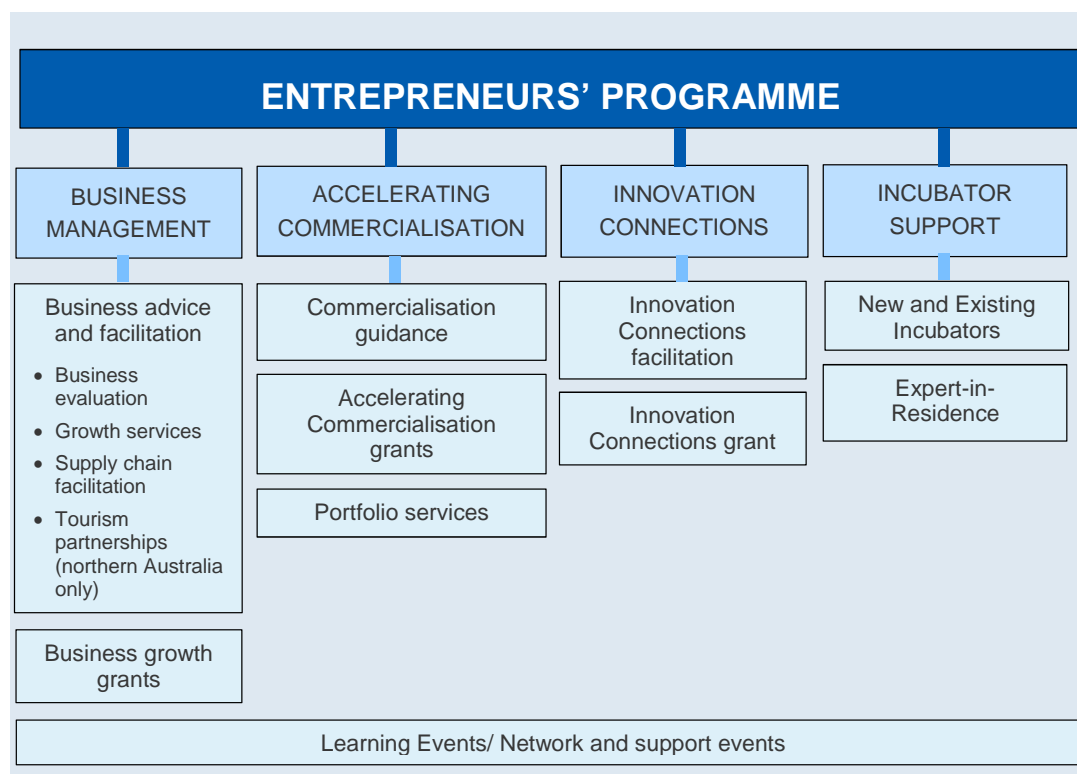
³ The objective of the Enterprise Connect (EC) program was to provide small and medium sized enterprises with better access to new ideas, knowledge and technologies, to enable businesses to become more innovative, efficient and competitive and to lift productivity across Australian industry. The program was launched in 2007–08, and concluded in 2014–15.

⁴ The objective of Commercialisation Australia (CA) was to build the capacity of, and opportunities for, Australia's talented researchers, entrepreneurs and innovative firms to convert intellectual property (IP) into commercial ventures, creating high skill jobs and increasing our global competitiveness. Funding for CA ran from 2009–10 to 2014–15, with the last grants awarded in June 2014.

2.1 Program elements

EP incorporates four program elements: Business Management; Innovation Connections; Accelerating Commercialisation; and Incubator Support (Figure 2.1).

Figure 2.1: Elements of the Entrepreneurs' Programme and their component services and grant opportunities



Source: Compiled from information in (Department of Industry, Innovation and Science, 2019e)

The program logics for EP and its four program elements are provided in Appendix A. The intended outcomes of the individual elements, together with the characteristics of each element, are discussed in Section 5.

2.2 Evolution of the program

EP services commenced in July 2014, and have been extended and amended four times, most recently in September 2016 when Incubator Support was introduced. Since its launch, the Entrepreneurs' Programme has been extended and modified (Table 2.1).

Table 2.1: Evolution of the Entrepreneurs' Programme

Year/month	Implementation
2014 – May	Cabinet approval, program announcement
2014 – July	Business Management element launched (Business Evaluation and Business Growth Grant services)
2014 – September	Research Connections element launched
2014 – October	Entrepreneurs' Programme classified as part of the National Industry Innovation and Competitiveness Agenda, including its alignment with identified growth sectors
2014 – November	Accelerating Commercialisation element launched; Business Management element rolled out (Supply Chain Facilitation and Growth Services).
2015 – July	Business Evaluation service redesigned; new industry partnership contracts commenced
2015 – October	Entrepreneurs' Programme evaluation strategy endorsed
2016 – January	Research Connections element renamed and expanded as Innovation Connections, a measure under the National Innovation and Science Agenda
2016 – February	Business Management element extended to tourism businesses following the Northern Australia White Paper
2016 - February	Entrepreneurs' Programme Data Strategy endorsed
2016 – September	Incubator Support element launched as a measure under the National Innovation and Science Agenda
2017 – February	Entrepreneurs' Programme post-commencement evaluation completed
2017 – November	Entrepreneurs' Programme policy rationale endorsed
2017 – December	Incubator Support element expanded with increased regional focus
2018 – December	Updated guidelines for Business Management released
2019 – April	Incubator Support post-commencement evaluation completed
2019	Entrepreneurs' Programme Data Strategy gap analyses completed

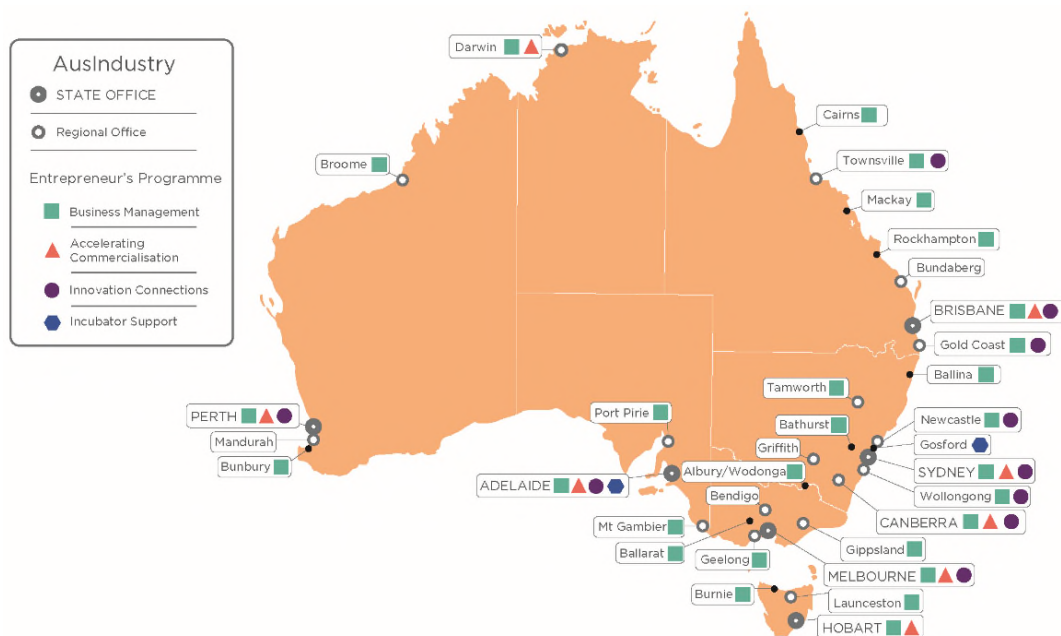
Source: (Department of Industry, Innovation and Science, 2018f) Appendix 1

2.3 Delivery models

EP is delivered through a mixture of Department employed staff and third parties that manage and directly deliver services to clients. The 20 commercialisation advisers that deliver Accelerating Commercialisation services are directly employed by the Department and the quality assurance role is conducted by the Accelerating Commercialisation Director for this cohort. All other types of advisers and facilitators (around 120 Advisers, including one Business Facilitator role and two Incubator Facilitators in total) are employed by third party Industry Partners and their quality assurance and work allocation is undertaken by Sector Directors.

The location of EP delivery staff are shown in Figure 2.2.

Figure 2.2: Location of EP delivery staff



Source: Programme Documentation

2.4 Program rationale

The EP Policy Rationale states that in order to maintain economic growth and living standards, Australia must grow and diversify our national income according to the program rationale. To do this, the country must bring to the world more new-to-market products, processes and services (e.g. innovation).⁵

Australia's innovation performance depends on:

- innovation activities of organisations
- networks and collaboration between organisations
- framework conditions which regulate activities and networks.

These three components are important to maximising an effective national innovation system and collectively function to produce innovations which, in aggregate, produce economic and social value.

The ability of an individual business to interact in this system is a function of management capability.

Key features of a high performing innovation system include:

- high proportions of firms undertaking new-to-market innovations (high innovation capability within firms)
- high levels of business-to-business and business-research collaboration (strong networks)
- framework conditions which support innovative entrepreneurship (creation and growth of innovative firms) and the commercialisation of novel products, processes and services.

Australia has:

- low proportions of innovative active firms that report goods and services innovation that are new to the Australian market (low new-to market innovation capability)
- low levels of business-to-business and business-research collaboration (weak networks)
- positive conditions for entrepreneurship, but difficulties with commercialisation and scaling businesses (opportunities for growth).

EP focuses on areas of activity relevant to lifting Australian business performance in these areas:

- business innovation capability (Business Management element)
- business research collaboration (Innovation Connections element)
- innovative entrepreneurship and commercialisation (Incubator Support and Accelerating Commercialisation elements).

Evidence shows that business innovation improves business performance. The more novel and more frequent the innovation, the greater the impact on business performance.⁶ EP supports incremental through to transformational innovation. It recognises that individual businesses'

⁵ (Department of Industry, Innovation and Science, 2016a): The Organisation for Economic Co-operation and Development estimates that as much as 50 per cent of long-term economic growth in its member countries can be attributed to innovation, and this contribution is expected to grow.

⁶ See Department of Industry, Innovation and Science (2016a).

needs vary widely and assists businesses to prepare for and progress towards higher levels of innovation capability and growth.

EP is a suite of services that are intended to respond to specific market failures (information failures, asymmetries or imperfections) and innovation system failures (firm-level capability deficiencies and weak networks) which limit small and medium enterprise (SME) capability for higher value innovation.

The objective of EP is to connect SMEs with the capabilities and networks they need to innovate, compete and grow.

To do this, EP assesses individual SMEs innovation needs. It offers tailored support through a suite of advisory and facilitation services, which encompass a broad range of innovation activities.⁷

2.5 Outcome measurement

The EP Data Strategy that was developed in 2016 proposed that the program's inputs and outputs be tracked through the AusIndustry Programme Management and Reporting Framework and that outcomes be measured using the EP Data Strategy Outcomes Measurement Frameworks (Appendix C).⁸

To observe how delivered services influence change in business behaviour over time to achieve desired improvements or outcomes, three phases of observation were proposed in the EP Data Strategy. The service documents that correspond with each phase of observation are shown in Table 2.2.

The EP Data Strategy also proposed that outcomes data be captured through customised administrative data from the ABS through BLADE and annual AusIndustry Customer Satisfaction Surveys.

Table 2.2: EP Outcomes data model summary

Phase	Baseline	Implementation	Post Service
Focus areas	Business gaps and/or opportunities and provision of advice/grants	Actions to implement change in the business	Embedded change resulting in business improvements
Service documents used to collect data	Action plans, facilitation reports and grant funding agreements	Implementation reports, grant progress and final reports	Post service reports (including smart forms)
Collection timing	Before or at commencement of service delivery	During or at the end of the delivery of the service	12 months after the end of the service

Source: (Department of Industry, Innovation and Science, 2016b)

⁷ (Department of Industry, Innovation and Science, 2018f)

⁸ (Department of Industry, Innovation and Science, 2016b)

3. This evaluation

3.1 Background to this evaluation

Under the Department's Evaluation Strategy, all departmental programs are evaluated at particular points in their life-cycle.

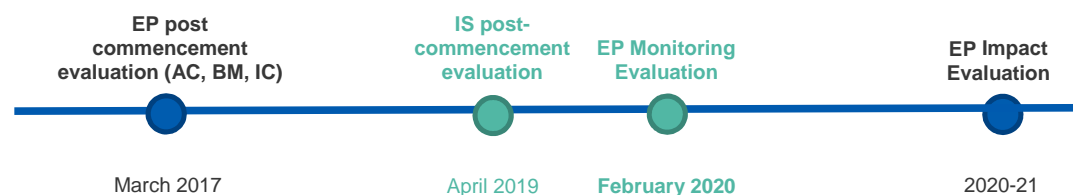
As a flagship program, EP has been identified as a Tier One evaluation priority of high strategic importance for the Department. This Monitoring Evaluation was scheduled for 2017-18 to 2018-19 in the Department's Evaluation Plan.

An EP Evaluation Strategy was endorsed by the EP Management Board in October 2015. The Evaluation Strategy focused on EP's readiness for future evaluation and outlined the expected timeframes for future EP evaluations. The strategy was subsequently revised in February 2018.⁹

A post-commencement evaluation of EP was completed in March 2017.¹⁰ Following the introduction of the Incubator Support initiative in 2016, a post-commencement evaluation of that element was conducted in 2018 and finalised in April 2019.

Other key evaluation related initiatives include the development of the EP Data Strategy which was endorsed in February 2016. The strategy included an Outcome Measurement Framework which is shown at Appendix C.

Figure 3.1: Timing of EP evaluations



Source: (Department of Industry, Innovation and Science, 2018c)

3.2 Evaluation scope

The purpose of this Monitoring Evaluation is to assess the extent to which EP is achieving its intended outcomes, and to test its data sources. This Monitoring Evaluation does *not* consider the program's design, operations, outputs or impact.

This evaluation comprises a Monitoring Evaluation of the Accelerating Commercialisation, Business Management and Innovation Connections elements of EP. Where relevant and available, this report excerpts findings from the post-commencement evaluation of Incubator Support.

This EP Monitoring Evaluation has been overseen by an EP Monitoring Evaluation Reference Group which was established in August 2017.

⁹ (Department of Industry, Innovation and Science, 2018c)

¹⁰ (Department of Industry, Innovation and Science, 2017a)

3.3 Terms of reference

This evaluation was guided by the EP Evaluation Strategy,¹¹ the program and element level program logic models (Appendix A) and the EP Outcomes Measurement Framework (Appendix C). The KPIs that are outlined in this framework are outlined in Appendix B.

The Terms of Reference that guided this evaluation are outlined below together with the corresponding sections in this report:

1. To what extent does the Entrepreneurs' Programme demonstrate progress towards program and element outcomes? (Sections 4 and 5)
 - 1.1 In what ways and to what extent have participants demonstrated:
 - Improved business capability?
 - Effective business, research and commercialisation networks?
 - Improved business and commercialisation performance?
 - 1.2 How satisfied are participants with the service they receive from the program?
2. How robust are the Entrepreneurs' Programme outcome data collection methods? (Section 6)
3. To what extent do current data activities support the determination of program impact? (Section 7)

The key performance indicators used to measure progress against the program and element outcomes in this evaluation are detailed in Appendix B.

3.4 Data sources

This evaluation drew upon a mixture of quantitative and qualitative data sources and supporting outcomes analyses projects. These are described in more detail below. The specific data sources that informed the analyses of outcomes at an element level are outlined at the start of each sub-section in Section 5.

No new data collection was undertaken for this evaluation, keeping the focus on analysing and synthesising the data available to date.

The robustness of current data collection practices related to the measurement of EP outcomes is discussed in Section 6.

Post-commencement evaluation of Incubator Support element

Between May and November 2018, the Office of the Chief Economist carried out a post-commencement evaluation of the Incubator Support element.¹² Where relevant and available, this report also excerpts findings from the post-commencement evaluation of Incubator Support.

¹¹ (Department of Industry, Innovation and Science, 2018c)

¹² (Department of Industry, Innovation and Science, 2019h)

Administrative data

A wide variety of quantitative and qualitative data is captured across EP's various administrative data sources. The different administrative data sources for each element are outlined in Appendix D. This evaluation drew primarily on quantitative administrative data. The analysis of quantitative administrative data was undertaken for the Department by Nous Group.¹³

Case studies

Case studies enable a deeper, contextual analysis of firm-level interactions, experience and outcomes from the program. Evaluative case studies were produced on the Accelerating Commercialisation, Business Management and Innovation Connections elements of EP. ORIMA consultants conducted the interviews for the eight Accelerating Commercialisation case studies and the Evaluation Unit analysed them and drafted the resulting report. ARTD Consultants produced five case studies on Growth Service users and five case studies on Innovation Connections. Flinders University conducted case studies on the Supply Chain Facilitation service.

Customer Surveys

ORIMA Research developed a customer satisfaction survey which was circulated to 2,896 businesses that had received a service or grant between July 2015 and February 2016. The purpose of the survey was to better understand the customer experience: how customers valued the program, the ways in which they benefited from the services and/or grants provided, and areas for improvement. The raw data from that survey are no longer held by the Department, but the report compiled by ORIMA Research provides a range of quantitative and qualitative metrics.

Other survey data that this evaluation has drawn upon include:

- **Voice of the Customer** – The short online Voice of the Customer survey was introduced in early 2019 to measure the level of participant satisfaction with the EP services provided by advisers/facilitators. To date only Business Management clients have been surveyed, however, the intention is to expand this to include Innovation Connections customers at a later stage.
- **Accelerating Commercialisation End of Project report** – Satisfaction questions are asked of participants in the End of Project report.
- **Learning Events surveys** – A variety of online surveys have been utilised to collect satisfaction data from EP Learning Event participants. These surveys only contain a small number of questions that are common across the different iterations of the survey.

¹³ (Nous Group, 2019)

Analysis of EP firms using BLADE

Improved business performance is a desired medium-to-long-term outcome of the Entrepreneurs' Programme. To assess the impact the programme is having on business performance, the EP Evaluation Strategy and EP Data Strategy propose that the financial characteristics of EP participants be analysed through the Business Longitudinal Analysis Data Environment (BLADE).¹⁴ The use of BLADE will facilitate analyses of changes in participants' business performance over time and allow comparison of the results against a synthetic control group, using financial data sourced from the Australian Taxation Office (ATO). This data is sourced through the ABS and is generally not available for analytical purposes until 18 to 24 months after the close of the financial year.

At the time of this evaluation, there was not a sufficient number of financial years within BLADE available to facilitate analyses of the business performance of EP participating firms.

Analysis of precursor programs using BLADE

To address the delay in BLADE data availability, the EP Data Strategy also proposed that the BLADE methodology be applied to participants of the former Enterprise Connect (EC) and Commercialisation Australia (CA) programs, which delivered similar services to the Business Management and Accelerating Commercialisation elements respectively.¹⁵

The evaluation therefore drew on analytical work conducted in the Office of the Chief Economist that used data from BLADE to assess the performance of businesses of these two EP precursor programs.¹⁶

The first longitudinal study of the former EC program compared EC business data against a synthetic control group to provide insights into business performance. The study looked at growth in turnover, employment, capital expenditure and survival rates over time.¹⁷ The second study was a longitudinal study of CA participants' performance. This study focused on the CA program and evaluated how participating firms fared relative to a comparison group by looking at changes over time in R&D and capital expenditures, exporting activities, and turnover growth.¹⁸

¹⁴ The Business Longitudinal Analysis Data Environment (BLADE) is a methodology for linking business datasets by using the Australia Business Number (ABN) as the identifier. Using integrated data, BLADE can deliver valuable insights on businesses (in comparison to using survey data or administrative datasets in isolation). BLADE data comes from Australian Bureau of Statistics surveys and government administrative data.

¹⁵ (Department of Industry, Innovation and Science, 2016b)

¹⁶ (Department of Industry, Innovation and Science, 2019c; Department of Industry, Innovation and Science, 2019g; Department of Industry, Innovation and Science, 2018e)

¹⁷ (Department of Industry, Innovation and Science, 2019c)

¹⁸ (Department of Industry, Innovation and Science, 2019g)

3.5 Limitations of the evaluation

As noted above, no new data was collected for this Monitoring Evaluation, keeping the focus on analysing and synthesising the data available to date.

In any evaluation, data quality influences the confidence that can be placed in conclusions drawn from data analysis. Much of the quantitative data on which this analysis is based was self-reported by participants in reporting documents, a survey or case studies.

Different program elements collect different data from participants and store and categorise it in different ways. Some data or types of data are missing for some respondents, particularly for the earlier years of the program. These problems have affected data reliability and consistency.

Some of the data sources outlined in Section 3.4 have been compiled periodically or at different points in time. It follows that some of the information was collected at earlier periods when some aspects of the program operated differently. That information may no longer reflect the current experience of program participants. In particular, the customer satisfaction survey, which was the main source of information on customer satisfaction available to this evaluation, was conducted in 2017.

Most activities undertaken by program participants will result in a measurable outcome only after a period of time. In some cases (commercialisation, new markets) the lag may be several years. In others, the pay-off will become apparent more quickly. The outcomes reported here are those visible within the program's reporting time-frames, typically between application and 12 to 18 months post-service. Some of those objectives (commercialisation, export development) will take longer than others to plan, initiate and come to fruition.

4. Program-level outcomes

Summary findings

Box 4.1: Program-level summary of findings

Improved business capability

- The majority of participants in Business Management, Innovation Connections and Accelerating Commercialisation report improvements in capabilities specific to the EP service accessed

Effective business, research and commercialisation networks

- Most businesses participating in the Entrepreneurs' Programme were able to expand their business, research or commercialisation networks

Improved business and commercialisation performance

- Pending the availability of BLADE data in 2020/21, individual elements have also collected self-reported financial data from participants to varying extents, including turnover, exports and employment data (FTE). Analysis of this self-reported data shows that improved business and commercialisation performance is achieved by a majority of programme participants

Participants valuing the programme

- Respondents to the 2017 customer satisfaction survey were very positive in their overall perceptions of the value of the program to their business, which is supported by more recent collection of satisfaction data through final reporting for some elements

4.2 Program inputs

Inputs to the Entrepreneurs' Programme from commencement in July 2014 to June 2019 are summarised in Table 4.1.

Table 4.1: Entrepreneurs' Programme inputs (as at 30/06/2019)

Input	Metric
Entrepreneurs' Programme	
Total cost of providing advisory services ¹⁹	\$144 million
Total grant amount approved	\$334 million
Total business contributions (at least)	\$362 million
Total project value	\$696 million

Source: Department administrative data

4.3 Program outputs

Outputs from the Entrepreneurs' Programme from commencement in July 2014 to June 2019 are summarised in Table 4.2.

¹⁹ Includes providing Regional Incubator Facilitator services in Incubator Support

Table 4.2: Entrepreneurs' Programme outputs (as at 30/06/2019 unless otherwise stated)

Output	Metric
Number of services approved ²⁰	9,544
Number of unique participants that received a service ²¹	6,986
Number of businesses that accessed services across multiple elements ²²	1,425
Number of grants approved ²³	6,620
Learning events conducted ²⁴	957
Participant attendance	12,659
Number of unique businesses attending learning events ²⁵	6,810
Number of unique businesses that attended a Learning Event and received an EP service	1,676

Source: Department Industry, Innovation and Science

²⁰ Includes business evaluations, supply chain facilitation, growth services facilitation, and innovation connections facilitation

²¹ Includes EP services approved between July 2014 and April 2019

²² Includes EP services approved between July 2014 and April 2019

²³ Includes business growth grants, innovation connections grants, accelerating commercialisation grants, New and Existing Incubator grants, and Expert in Residence grants

²⁴ Between February 2015 and October 2019

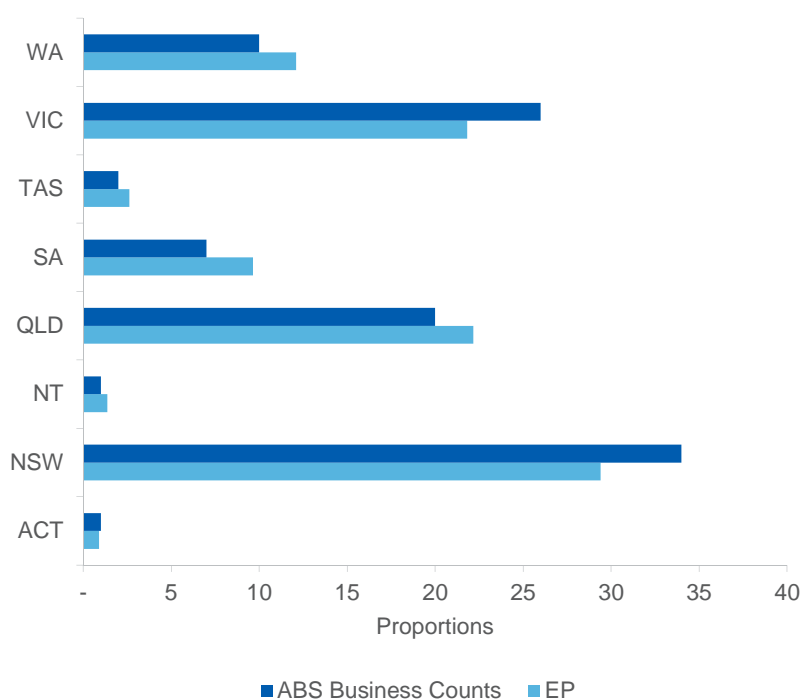
²⁵ Of the 12,659 total participants of Learning Events, firm-level records are available for 10,371 participants

4.4 Program reach

The Entrepreneurs' Programme has engaged over 12,000 Australian businesses between June 2014 and June 2019 through program services and Learning Events

It is estimated that the Accelerating Commercialisation, Business Management and Innovation Connections elements reached around 0.3 per cent of all Australian businesses, or around 0.5 per cent of all businesses with less than 200 employees.²⁶ Take-up among the states and territories over the period to April 2019 has been broadly proportional to the distribution of all businesses in those jurisdictions (Figure 4.1) and the distribution of business advice recipients in 2012–13 by jurisdiction under the pre-cursor program Enterprise Connect.²⁷

Figure 4.1: Distribution of businesses by state and territory: overall, and businesses accessing the Entrepreneurs' Programme at April 2019



Notes: Based on a count of distinct ABNs (e.g. controlled for businesses that accessed multiple services) as at April 2019

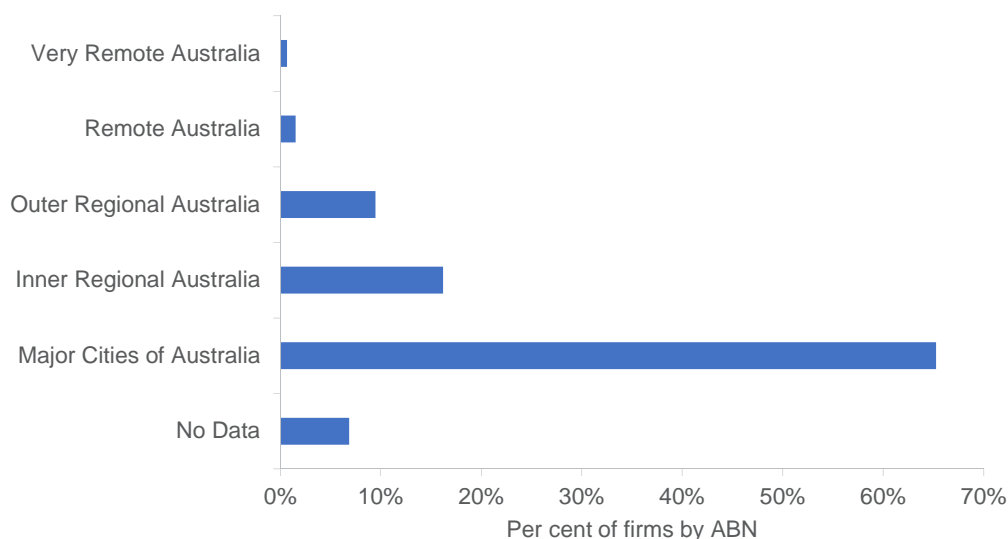
Source: (Nous Group, 2019)

²⁶ (Australian Bureau of Statistics, 2018) 8165.0 Counts of Australian Businesses, including Entries and Exits, June 2014 to June 2018

²⁷ (Department of Industry, Innovation and Science, 2014a)

Almost two-thirds of all Entrepreneurs' Programme participants are located in major cities, and four out of five are located in either major cities, or inner regional areas (Figure 4.2). This distribution is similar to the location of business advice recipients under Enterprise Connect.²⁸

Figure 4.2: Count of distinct ABNs by remoteness classification at April 2019



Note: Remoteness classification is a statistical geographic structure defined by the ABS. EP businesses are mapped to remoteness classifications by SA1s recorded in the CRM.

Source: (Nous Group, 2019)

Results from the Department's Program Analytics Tool ²⁹(PAT) on EP grant participants for the 2014-15 financial year illustrate that around 66 per cent of participants were small firms, around 28 per cent were from the Manufacturing industry and around 17 per cent from the Professional, Scientific and Technical Services industry. Around 28 per cent of programme participants were exporting firms. The department, in collaboration with the ABS, is currently updating the results on various programs (including EP) in PAT with more recent financial year data.

Some elements of EP such as Growth services are directly targeted to businesses that operate in one or more industry growth sectors. The Department investigated the proportion of EP program participants that were associated with the industry classes that it identified based on the collected ABNs from four Industry Growth Sectors (namely: Advanced manufacturing; Food and Agribusiness; Oil, Gas and Energy Resources and Cyber Security). The results confirmed that the majority of EP participants (69 per cent) are operating in industry classes that aligned with these four IGCs.³⁰ This study also investigated the proportion of firms that interact with Industry Growth Centres participated in other Department funded programs. In general, a relatively small proportion of these firms were also participating in EP. In 2016-17, this

²⁸ (Department of Industry, Innovation and Science, 2014a)

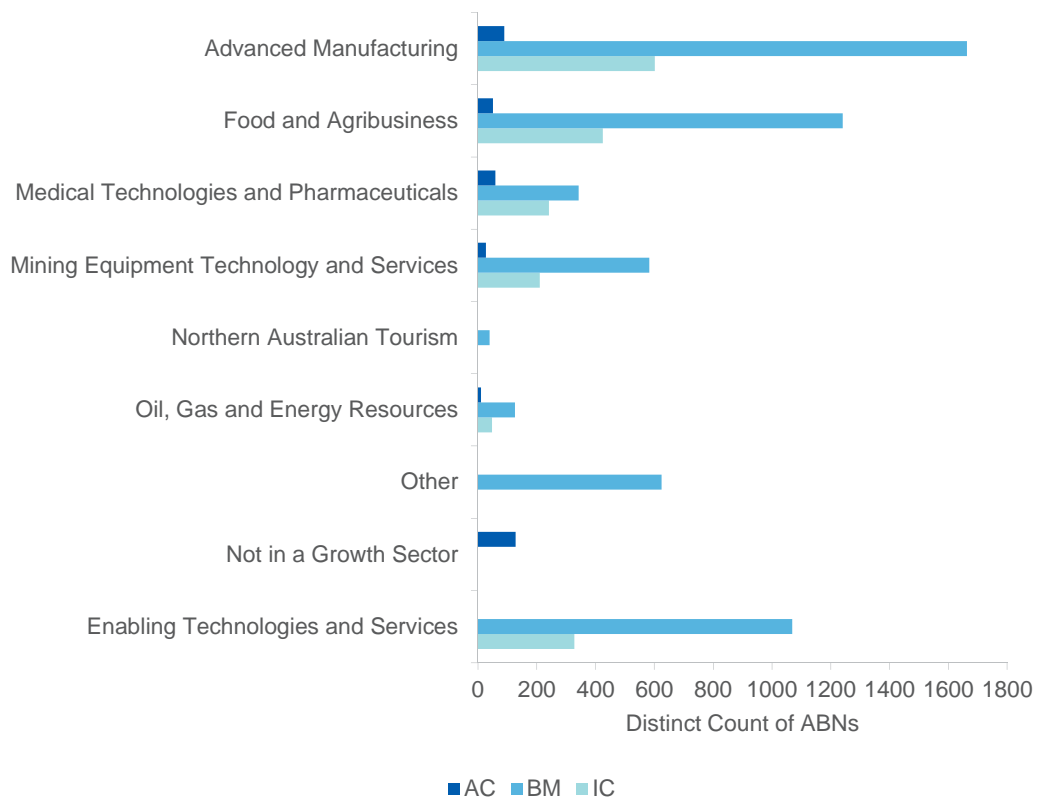
²⁹ Department of Industry, Innovation and Science (2019i).

³⁰ Department of Industry, Innovation and Science (2019j).

proportion ranged from 1 per cent for Oil, Gas and Energy Resources to 7.1 per cent for Advanced Manufacturing.

Advanced Manufacturing is the largest growth sector across the Entrepreneurs' Programme, and within each of the service elements, followed by Food and Agribusiness, and Enabling Technologies and Services (Figure 4.3).

Figure 4.3: Distribution of Growth Sectors represented in the Entrepreneurs' Programme



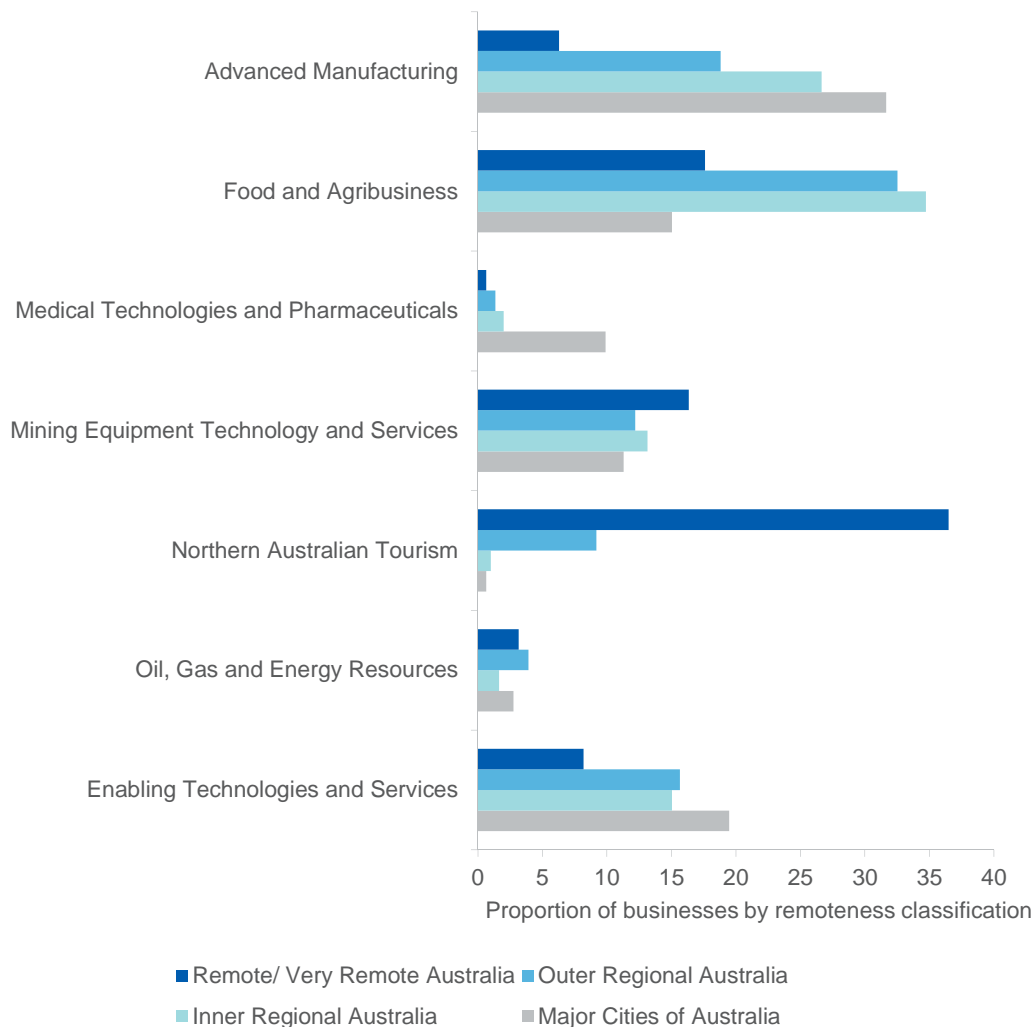
Note: "Other" includes businesses assigned multiple growth sectors, legacy growth sectors, or have no growth sector assigned. "Not in a Growth Sector" is a classification recorded in the AC administrative data. The merit criteria for AC does not require participants to be in a growth sector.

Note: The Cyber Security growth sector was not present in the EP administrative data.

Source: (Nous Group, 2019)

The distribution of growth sectors is as expected, with Food and Agribusiness businesses predominantly in regional Australia, and Medical Technologies and Pharmaceuticals located in major cities (Figure 4.4).

Figure 4.4: Distribution of Growth Sectors by region

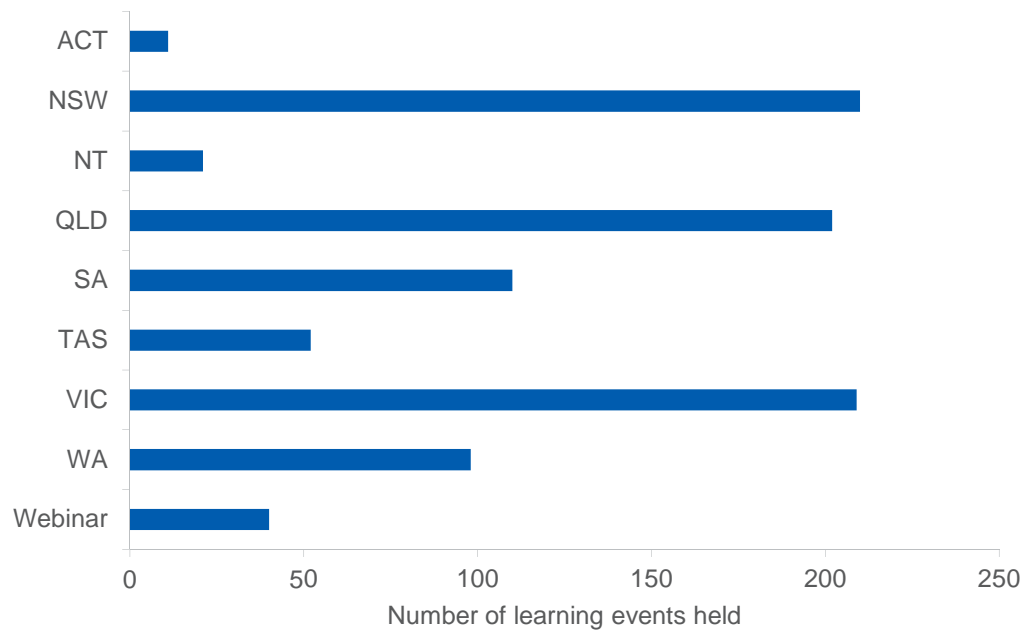


Notes: This chart shows only businesses with a Growth Sector and Remoteness classification. The proportions account for businesses that are not in a Growth Sector or classified as 'Other'

Source: (Nous Group, 2019)

Learning Events have been held since 2014 and have been hosted in locations right across the country. Learning Events are designed to support businesses to address learning challenges and gaps, encourage peer-to-peer networking, and facilitate a deeper engagement to embed skills and learnings. Learning Events are delivered through various learning modes such as: single and multi-day workshops; masterclasses; exemplar business site visits; panel discussions and group mentoring; high-level introductory learning. Many of the business that attended Learning Events also accessed EP services (Section 4.5). The location breakdown of EP Learning Events are shown in Figure 4.5.

Figure 4.5: Number of Learning Events held by state (between February 2015 and October 2019)



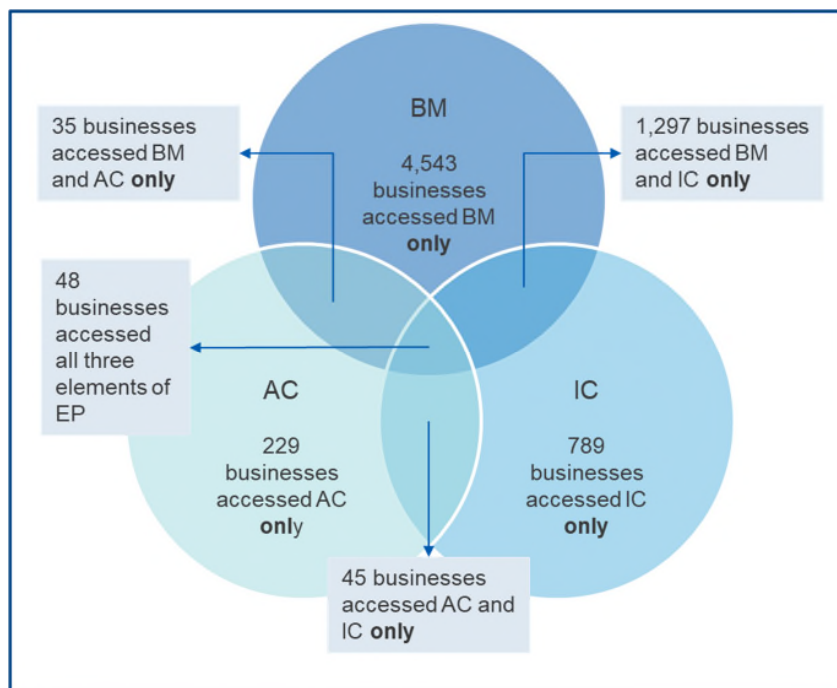
Note: Data for Learning Events prior to February 2015 was not available for analysis.

Source: (Nous Group, 2019)

4.5 Extent of multiple program interactions

Around one-quarter of the Entrepreneurs' Programme participants received services across multiple elements. As expected, the most common multiple interaction occurred when an advice or facilitation service resulted in a recommendation which the participant then obtained a grant to implement. The most frequent inter-element interaction was between Business Management and Innovation Connections facilitation services, with almost 1,300 businesses accessing these two elements (Figure 4.6). Interactions with businesses participating in the Incubator Support element are not available as firm-level information was not historically recorded in Incubator Support.

Figure 4.6: Business participation in the Entrepreneurs' Programme as at April 2019



Source: (Nous Group, 2019)

Of the 6,810 businesses that attended a Learning Event between February 2015 and October 2019,³¹ 1,676 businesses (25 per cent) also engaged with an EP service. Of these:

- 408 businesses (6 per cent) engaged with an EP service after attending a Learning Event. Of these 408 businesses, 11 went on to engage with AC, 67 with IC and 330 with BM. These businesses had not engaged with EP prior to the Learning Event.
- 1,268 businesses (19 per cent) had engaged with an EP service prior to attending a Learning Event. The majority of these businesses (1,138) had received a BM services prior to the Learning Event.

The businesses that attended a Learning Event and also engaged with EP, attended 2 Learning Events on average.

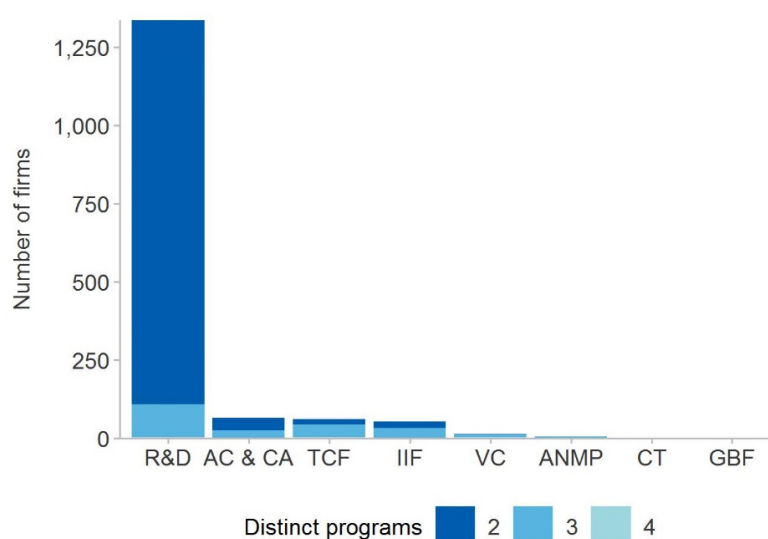
³¹ Firm level record data was not available for attendees prior to February 2015, and ABNs were not recorded for approximately 20 per cent of attendees. This analysis was conducted on attendees for which ABNs were available.

4.6 Extent of interactions with other programs

The Department released a research paper in early 2019 that analysed the nature and number of firms that received financial assistance (grant or tax concession/offset) from Department of Industry, Innovation and Science flagship programs for the years 1997–98 to 2017–18.

The analysis found that 1,422 of 4,695 Enterprise Connect and Entrepreneurs' Programme (excluding AC) assisted firms over this period also received assistance from at least one other program group (Figure 4.7). The programs on the x-axis indicate the other program that provided the assistance. The fill colours also indicate the number of distinct programs that the firm received assistance from. Dark blue means that it's only Enterprise Connect and/or Entrepreneurs' Programme (excluding AC), and the other program on the x-axis.

Figure 4.7: Firms that are being assisted by Enterprise Connect and/or Entrepreneurs' Programme (excluding AC) and at least one other program group (indicated on x-axis), 1997–98 to 2017–18



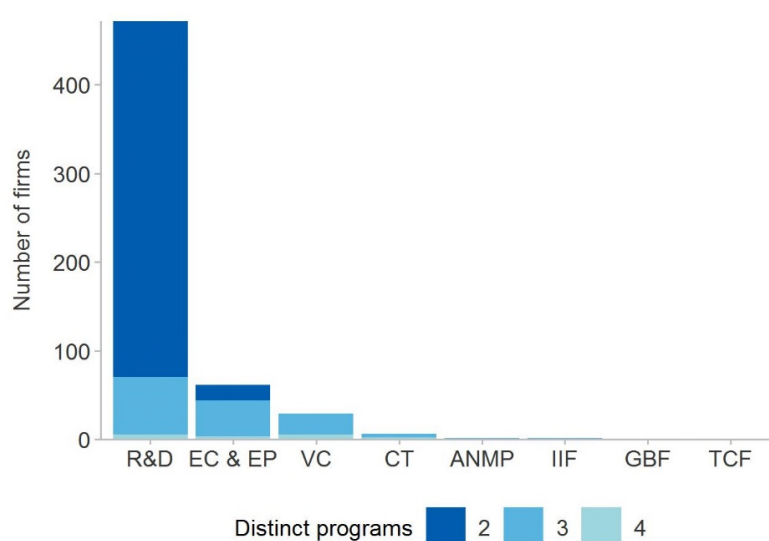
Notes: Program groups are R&D: R&D Tax Concession/Incentive; TCF: Textiles, Clothing & Footwear; VC: Venture Capital; AC & CA: Accelerating Commercialisation (EP) and Commercialisation Australia; GBF: Green Building Fund; IIF: Industry & Innovation Funds; CT: CleanTech; ANMP: Automotive New Markets Program

Source: (Department of Industry, Innovation and Science, 2019)

The R&D tax programs are far and away the most likely programs to also provide assistance to an Enterprise Connect and Entrepreneurs' Programme (excluding AC) multiple program assisted firm. The next most likely group to provide assistance is the Accelerating Commercialisation and Commercialisation Australia program group. This may be partly due to Accelerating Commercialisation being part of the Entrepreneurs' Programme (the linkages are presumably stronger between these two programs in particular). But even with this being the case, the level of participation of firms between these two groups is low.

The pattern is similar for other program groups. Figure 4.8 shows the 77 per cent of Accelerating Commercialisation and Commercialisation Australia program participants (492 of 635 firms) that were multiple program participants. The R&D tax programs again feature as the most prominent program also providing assistance. 472 Accelerating Commercialisation and Commercialisation Australia firms were assisted by the R&D tax programs. The Enterprise Connect and Entrepreneurs' Programme combination is the next most prominent (61 firms), though again, there is a much lower number of firms than those also assisted by the R&D tax programs. Interestingly, a large majority of these firms were also assisted by a third program group (the middle blue colour displayed in Figure 4.8). The 'third' program was mostly one (or both) of the R&D tax programs.

Figure 4.8: Firms that are being assisted by Commercialisation Australia and/or Accelerating Commercialisation (EP) and at least one other program group (indicated on x-axis), 1997–98 to 2017–18



Notes: Program groups are R&D: R&D Tax Concession/Incentive; EC & EP: Enterprise Connect & Entrepreneur's Programme (excluding Accelerating Commercialisation); TCF: Textiles, Clothing & Footwear; VC: Venture Capital; GBF: Green Building Fund; IIF: Industry & Innovation Funds; CT: CleanTech; ANMP: Automotive New Markets Program

Source: (Department of Industry, Innovation and Science, 2019)

4.7 Program outcomes

This section of the report outlines the outcomes from the Entrepreneurs' Programme at an aggregate summary level. Progress against the element level outcomes is discussed in Section 5.

Improved business capability

The majority of participants in Business Management, Innovation Connections and Accelerating Commercialisation report improvements in capabilities specific to the EP service accessed.

Business Management participants report increased business capability, and lag indicators such as business performance suggest capability increases. This finding on increased capability by Business Management participants is therefore important in the context of the Australian Securities and Investments Commission's (ASIC) findings that show that more than 17 per cent of Australian firms cite poor strategic management as the reason for their failure each year.³² A majority of respondents to the 2017 customer satisfaction survey report improvements in their management skills, business systems and processes, and abilities to identify and leverage growth opportunities. Administrative data shows that participants received 5,124 management capability recommendations, and almost one-quarter implemented more than 50 per cent of these recommendations. The impact of implemented management capability and growth opportunity recommendations is observable, with businesses that implement more than 50 per cent of their recommendations increasing turnover and export revenue. However, the implementation of recommendations is a proxy measure and would be strengthened by assessing business capability using existing capability indices to provide a more direct and reproducible measure of business capability.

Innovation Connections participants report improved ability to address research problems and innovate, and produce new intellectual property, processes and products. A majority of respondents to the 2017 customer satisfaction survey report improvements in their ability to address research problems, ability to innovate, and use of technology. Administrative data shows that almost two-thirds of participants increased R&D expenditure during the course of their engagement. Administrative data also shows that between one-half and two-thirds of participants created new intellectual property (66 per cent), new processes (53 per cent), or new products (60 per cent).

Accelerating Commercialisation participants report improved capability and investment, and report data shows new capital flowing into these businesses. All respondents to the 2017 customer satisfaction survey report improved ability to commercialise intellectual property, and a majority report improved ability to attract private investment. Administrative data shows that almost three-quarters of participants have raised new capital in the form of equity or debt since project commencement. The total value of this new capital is \$553 million. This represents leverage of \$3.74 in new capital raised for every dollar funded by the program.

³² See Department of Industry, Innovation and Science (2019k).

Effective business, research and commercialisation networks

Most businesses participating in the Entrepreneurs' Programme were able to expand their business, research or commercialisation networks.

Business Management participants report extension of their business networks and making new connections. A majority of respondents to the 2017 customer satisfaction survey report extended business networks, and half report making new connections through the program in their Tier 3 reports. Almost 4 out of 5 participants in the Supply Chains service who implement recommendations report increased turnover at Tier 3, and almost half of active exporters in Supply Chains increased their export revenue.

Innovation Connections participants build ongoing relationships with researchers and research organisations. A majority of survey respondents to the 2017 customer satisfaction survey report extended networks to leverage research capability. Administrative data shows that the majority of researcher placements (88 per cent) resulted in ongoing relationships with the business. Administrative data also shows that two-thirds of businesses with no prior engagement established ongoing research relationships through the program.

Accelerating Commercialisation participants report acceleration of commercialisation process through network extension. Almost three-quarters of respondents to the 2017 customer satisfaction survey report extension of networks to accelerate their commercialisation processes. Administrative data shows that nine out of ten participants remain in touch with their commercialisation adviser.

Across all elements of the programme, over three-quarters of respondents to the 2017 Customer Satisfaction survey agreed or strongly agreed that advisers and facilitators were able to provide valuable connections to professional networks.³³

Improved business and commercialisation performance

Pending the availability of BLADE data in 2020/21, individual elements have also collected self-reported financial data from participants to varying extents, including turnover, exports and employment data (FTE). Analysis of this self-reported data shows that improved business and commercialisation performance is achieved by a majority of programme participants.

A majority of Business Management participants increase turnover, FTE and export revenue. Administrative data shows that three quarters of participants increased turnover through the program, and over 60 per cent increased their workforce. Businesses actively exporting at the commencement of the service increased export revenue in over 70 per cent of cases. Businesses experiencing the greatest increase in turnover also implemented the highest proportion of recommendations received through the program.

Innovation Connections participants appear to increase turnover, FTE and export revenue, but data is limited. Available administrative data shows an increase in turnover for 63 per cent of participants, an increase in FTE for 47 per cent, and an increase in export revenue for 42 per cent of participants.

The collection of commercialisation performance data relates specifically to the Accelerating Commercialisation element. Accelerating Commercialisation participants report increased turnover from commercialisation and almost all are in-progress or have completed

³³ (ORIMA Research, 2017)

commercialisation. Over two-thirds of participants report an increase in turnover attributed to the commercialisation of their product, process or service through administrative reporting.

Participants valuing the programme

Respondents to the 2017 customer satisfaction survey were very positive in their overall perceptions of the value of the program to their business, which is supported by more recent collection of satisfaction data through final reporting for some elements.

Businesses accessing the Business Management facilitation services all report high levels of satisfaction with the program, with between 76 and 89 per cent of participants reporting high or very high value to their business. Over 90 per cent of survey respondents who received Business Growth Grants reported high or very high value to their business.

Innovation Connections participants also report high levels of satisfaction with the program, with between 82 per cent for facilitation and 92 per cent for grants reporting high or very high value to their business. In addition, 99 per cent of final report respondents were highly satisfied with their experience and would recommend to another business.

An overwhelming majority of businesses accessing the Accelerating Commercialisation report high levels of satisfaction with the program, with 96 per cent of participants reporting high or very high value to their business. Administrative data shows 97 per cent of participants were satisfied or very satisfied with benefits received from the program.

Survey respondents were very positive in their overall perceptions of the value of the program to their business

The 2017 ORIMA Research survey sought feedback from participants on their overall perceptions of the Entrepreneurs' Programme and its benefits to their operations, as well as their experience of specific aspects of the information, processes, people and products associated with the program.

Survey results showed a high level of satisfaction (Table 4.3). Eighty-one per cent rated the overall value of the program to their business as high or very high, and a further 10 per cent as moderate. Nine per cent rated it as low or very low.

Table 4.3: Overall participant satisfaction with the Entrepreneurs' Programme

Program aspect	Per cent of respondents expressing 'moderate', 'high' or 'very high' satisfaction level
Information about the program (accessibility, usefulness)	93
Processes (ease of application, contract negotiation, reporting)	92
People (assistance with processes and reporting, quality of advice and support provided by advisers and facilitators)	91
Product (reports and plans delivered by advisers and facilitators, grants received)	92
Overall value of the program to the business	91

Source: (ORIMA Research, 2017)

Grant recipients were more likely to express high levels of satisfaction than participants who had received advice or facilitation services only. Recipients of multiple services and grants recorded the highest levels of satisfaction. Larger firms, businesses in outer regional and remote areas recorded higher satisfaction levels than smaller and more metropolitan firms.

Specific benefits varied between programme elements and services

When asked to note the three most valuable benefits of the programme, improved future viability of the business, and becoming more efficient and effective were the most popular responses. Participants in Business Management and Innovation Connections facilitation cited efficiency and effectiveness more highly than the average, while Innovation Connections and Accelerating Commercialisation grant recipients cited a broadened or diversified product range and improved ability to participate in international markets more highly than average (Table 4.4).

Table 4.4: Perceived most valuable benefits (Overall n=755, multiple responses)

	GS	SCF	BE	BGG	ICF	ICG	AC UG	ACG
<i>n=</i>	19	41	196	231	124	93	15	55
Improved future viability of the business	74%	66%	66%	80%	59%	57%	33%	87%
Becoming more efficient and productive	79%	78%	66%	72%	59%	37%	13%	20%
Becoming more competitive	37%	29%	23%	30%	29%	47%	13%	33%
Broadening or diversifying its product range	11%	15%	10%	13%	26%	53%	13%	29%
Improved opportunity to participate in international markets	21%	2%	9%	10%	10%	29%	27%	55%
Becoming more profitable	11%	22%	37%	35%	27%	11%	0%	20%
Increasing its market share	0%	12%	14%	17%	16%	13%	13%	15%
Diversifying its client base	5%	12%	9%	15%	15%	9%	7%	15%

Notes: Yellow indicates response rate 5 per cent greater than the overall, orange indicates response rate 5 per cent lower than the overall. GS = Growth Services, SCF = Supply Chain Facilitation, BE = Business Evaluation, BGG = Business Growth Grant, ICF = Innovation Connections Facilitation, ICG = Innovation Connections Grant, ACUG = Accelerating Commercialisation Unsuccessful Grant, ACG = Accelerating Commercialisation Grant.

Source: (ORIMA Research, 2017)

Ratings were highest for advice, support and reports/plans received (products) and lower for the application process and information availability (processes)

As seen in Table 4.3, different aspects of the program were rated somewhat differently by participants. In general, the services provided by the program (which generated advice that businesses could act on) were rated more highly than its processes.

Business advisers and facilitators were felt by the vast majority of survey respondents to have possessed the right skills to assist, engaged with participating businesses, understood their needs and priorities and delivered appropriate advice (Table 4.5). Overall, 88 per cent of respondents were satisfied or very satisfied with the reports and plans they received³⁴ and

³⁴ (ORIMA Research, 2017)

82 per cent maintained contact with their adviser or facilitator post-engagement.³⁵ Ninety-six per cent of grant recipients were satisfied or very satisfied with the outcome of their grant application.³⁶

Table 4.5: Participant satisfaction with advisory and facilitation services provided under the Entrepreneurs' Programme

Statement	Per cent of respondents who agreed or strongly agreed with the statement
Your adviser or facilitator showed genuine interest in helping your business (n = 369)	95
Your adviser or facilitator responded to questions or requests for clarification in a timely manner (n = 367)	94
Your adviser or facilitator was easy to get in touch with when you needed to (n = 368)	93
Your advisor or facilitator understood your business needs (n = 369)	93
Your adviser or facilitator adequately understood your business operating environment (n = 367)	91
Your adviser or facilitator had the professional skills and knowledge to provide advice and/or support to your business (n = 364)	91
Your adviser or facilitator helped identify the issues that your business was facing (n = 364)	88
Your adviser or facilitator was able to tailor their advice to fit your circumstances (n = 365)	86
Your adviser or facilitator helped prioritise the issues that your business should address (n = 363)	94
Your adviser or facilitator provided you with valuable connections to professional networks (n = 352)	77

Source: (ORIMA Research, 2017)

The proportions of businesses expressing satisfaction with the application process were lower, but still generally favourable. Fewer than 6 per cent of respondents rated any aspect of the application process as 'poor' or 'very poor', with the poorest overall ratings being given to the time it took to complete the application form (6 per cent rating it 'poor' or 'very poor') and the timeliness of the application assessment (5 per cent rating it 'poor' or 'very poor').³⁷

³⁵ (ORIMA Research, 2017)

³⁶ (ORIMA Research, 2017)

³⁷ (ORIMA Research, 2017)

Attendees at EP Learning Events rated the events highly for relevance and the quality of the presenter

A sample (1,934) of attendees at Learning Events between 2017 and 2019 were asked whether the information was relevant to their business, and the engagement and perceived knowledge levels of the presenter (Table 4.6).

Table 4.6: Learning Event feedback (per cent respondents)

Feedback (1 Low – 5 High)	1	2	3	4	5
The information was relevant to my business (n=1,861)	2	4	12	39	42
The presenter was engaging and highly knowledgeable about the topic (n=1,861)	3	2	6	29	61

Note: "Type 1" survey responses were analysed, representing 63 per cent of all Learning Event survey responses. Type 1 surveys were used between Jan 2018 and July 2019 for 119 learning events.

Source: Department of Industry, Innovation and Science data

5. Element-level outcomes

The four elements of the Entrepreneurs' Programme each contribute to all the program's intended outcomes. The relationship between the program outcomes and element outcomes is shown in the EP Key Performance Indicator Map in Appendix B. Program logics for the Entrepreneur's Programme and each individual element are provided in Appendix A. This section discusses the outcomes for each element in the context of the broader program outcomes. Inputs and outputs per element are provided, with a description of data availability to inform outcomes.

5.1 Accelerating Commercialisation

Program description

The objective of Accelerating Commercialisation is to encourage and assist small and medium businesses, entrepreneurs and researchers to commercialise novel products, processes and services.

The program commenced in November 2014. A national network of 20 Commercialisation Advisers provide expert guidance and connections to assist businesses to find the right commercialisation strategy for their novel product, process or service. The advisers assess and validate participant commercialisation opportunities and needs, and provide expert commercialisation guidance on business planning, investment attraction, market development, intellectual property protection and value proposition.

The Accelerating Commercialisation grant provides matched funding to grantees to lower the costs and risks of early stage (including pre-revenue) commercialisation activities associated with bringing a novel product, process or service to market. Funding is coupled with the expert commercialisation guidance to leverage additional private sector investment.

Following an Expression of Interest, applicants first receive Commercialisation Guidance on their commercialisation project. Applications for financial assistance (50 per cent matched grants) of up to \$250,000 are available for commercialisation offices and eligible partner entities and up to \$1 million for other eligible applicants. Eligible businesses have a combined annual turnover of less than \$20 million for each of the three financial years prior to application, amongst other criteria. Applications are assessed by the Entrepreneurs' Program Committee, a sub-committee of Innovation Science Australia., providing recommendations to a Departmental Program Delegate who makes the final decision to award grants.

Summary findings

Box 5.1: Accelerating Commercialisation summary of findings

Accelerating Commercialisation outcomes

Participants report improved capability and investment, and report data shows new capital flowing into these businesses

- All respondents to the 2017 customer satisfaction survey report improved ability to commercialise intellectual property, and a majority report improved ability to attract private investment
- Administrative data shows that almost three-quarters of participants have raised new capital in the form of equity or debt since project commencement
- The total value of this new capital is \$553 million. This represents leverage of 3.74 dollars in new capital raised for every dollar funded by the program

Participants report acceleration of commercialisation process

- Almost three-quarters of respondents to the 2017 customer satisfaction survey report extension of networks to accelerate their commercialisation processes
- Administrative data shows that nine out of ten participants remain in touch with their commercialisation adviser

Participants report increased turnover from commercialisation and are in-progress or have completed commercialisation

- Over two-thirds of participants indicate in their final reports an increase in turnover attributed to the commercialisation of their product, process or service
- Almost all participants report in-progress or completed commercialisation through administrative reporting

Participants highly value the service received through the program.

- The 2017 customer satisfaction survey shows that an overwhelming majority of businesses accessing the Accelerating Commercialisation report high levels of satisfaction with the program, with 96 per cent of participants reporting high or very high value to their business
- Administrative data shows 97 per cent of participants were satisfied or very satisfied with benefits received from the program

Data sources

The analysis of Accelerating Commercialisation outcomes draws on a range of quantitative and qualitative data sources collected over the life of the program. These data sources are summarised in Table 5.1.

Table 5.1: Accelerating Commercialisation data sources

Data source and description	Sample size	Coverage (time)
Administrative data		
Validated project data (all stages of projects) ^a	266 reports	11/2014 to 12/2018
Administrative data		
Post service report data ^a	127 reports	11/2014 to 05/2019
Administrative data		
End of project survey statistics ^a	281 responses	11/2014 to 11/2019
Survey		
Customer satisfaction survey ^b	55 responses	07/2015 to 02/2017
BLADE		
Analysis of CA participants (AC precursor) ^c	552 participants	2009 to 2014
Case study		
Accelerating Commercialisation participants ^d	8 businesses	06/2017 to 08/2017
BLADE		
Analysis of AC participants	-	-

Source: ^a Department of Industry, Innovation and Science data; ^b (ORIMA Research, 2017); ^c (Department of Industry, Innovation and Science, 2019g); ^d (Department of Industry, Innovation and Science, 2019a).

Inputs

Inputs to the Accelerating Commercialisation element from commencement in November 2014 to June 2019 are summarised in Table 5.2.

Table 5.2: Accelerating Commercialisation inputs (as at 30/06/2019)

Input	Metric
Total cost of providing advisory services ³⁸	\$26 million
Total grant amount approved	\$196 million
Total business contribution (at least)	\$207 million
Total project value	\$403 million
Level of business co-investment attracted for every dollar invested	\$1.06

Source: Department of Industry, Innovation and Science

Outputs

Outputs from the Accelerating Commercialisation element from commencement in November 2014 to June 2019 are summarised in Table 5.3.

Table 5.3: Accelerating Commercialisation outputs (as at 30/06/2019)

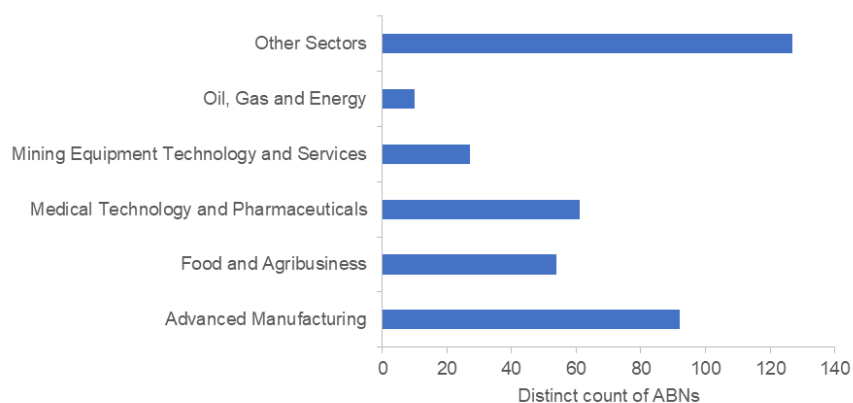
Output	Metric
Number of expressions of interest	4,772
Number of applications considered	587
Number of grants approved	400
Number of businesses approved for at least one grant	367
Number of businesses approved for more than one grant	31
Average grant amount	\$489,000
Average grant duration	18 months

Source: Department of Industry, Innovation and Science

³⁸ Includes cost of Specialist Directors and Advisory Services

Participation in the program by growth sector is shown in Figure 5.1.

Figure 5.1: Distribution of Accelerating Commercialisation participants by growth sector (total 366 businesses) as at 30/06/19



Source: (Nous Group, 2019)

Outcomes

Element and programme outcomes for Accelerating Commercialisation are summarised in Table 5.4.

Table 5.4: Accelerating Commercialisation outcomes

EP outcome	AC outcome	Metric
Improved business capability	Participants improve their ability to commercialise intellectual property	100 per cent (of 55) report improved ability to commercialise intellectual property*
		87 per cent (of 127) report a positive effect on their commercialisation project^
	Participants improve their ability to attract private investment	78 per cent (of 50) report improved ability to attract private investment*
		72 per cent (of 266) saw new capital (equity or debt) since commencement^
		Total new capital raised of \$553 million^
		For every grant dollar, new capital raised is around \$3.74^
Effective business, research and commercialisation networks	Participants extend their networks to accelerate their commercialisation	74 per cent (of 53) report extended networks to accelerate commercialisation process*
		91 per cent (of 127) report that they are still in touch with their commercialisation adviser^
Improved business and commercialisation performance	Participants commercialise novel products, processes and services	97 per cent (of 127) have fully commercialised, or are in the process of commercialising^

EP outcome	AC outcome	Metric
		98 per cent (of 55) report improved commercialisation of novel products, processes or services*
	Participants improve their business performance	68 per cent (of 266) report an increase in turnover attributed to the commercialisation of their product, process or service^
		73 per cent (of 266) report an increase in FTE. These 195 businesses saw an increase of 1,810 staff^
		3 per cent (of 266) businesses have been sold. The total known sale value is \$36.1 million^
		2 per cent (of 266) businesses have closed either during or after their projects^
Participants valuing the Programme	Satisfaction levels amongst participants with the service they received	97 per cent (of 281) were satisfied or very satisfied with the benefits received from participating in the program^
		96 per cent (of 55) rate the overall Accelerating Commercialisation grant service as high or very high value to their business*

Source: ^Administrative data – (Nous Group, 2019) and Department of Industry, Innovation and Science analysis; *Survey data – (ORIMA Research, 2017)

Participants report improved capability and investment, and report data shows new capital flowing into these businesses

Businesses in the Accelerating Commercialisation program perceive improved capabilities through their participation. One hundred per cent of respondents to the 2017 customer satisfaction survey reported improved ability to commercialise intellectual property, and a majority report improved ability to attract private investment.³⁹ Almost three-quarters of participants reported an increase in new capital in the form of equity or debt after commencing with the program (Table 5.5). The total value of this new capital is \$553 million.

Table 5.5: Improvements in business capability among participants in Accelerating Commercialisation

Capability improvement	Per cent of participants reporting improvement
<i>Accelerating Commercialisation participants</i>	
<ul style="list-style-type: none"> Attracted new capital in the form of equity or debt 	72

Source: Department analysis of Entrepreneurs' Programme administrative datasets

Accelerating Commercialisation participants also referred to an improved ability to commercialise intellectual property and attract private investment.

³⁹ (ORIMA Research, 2017)

A number of participants who benefited from grant funding identified a supplementary and perhaps unexpected capability gain: enhanced credit-worthiness in the eyes of lenders and investors.

Securing the grant is good validation of our business and helps with attracting investment.

[The grant] provided credibility by association and allowed a better negotiating position.

Gaining the AC funding was a badge of support; the government backing definitely helped persuade investors.

[The grant] helps build ... credibility, especially overseas.

(Accelerating Commercialisation participants)⁴⁰

The benefits of the advice and facilitation service were described as having:

Helped us learn 'the language of business'

Focused [us] on the priorities and key elements required for commercialisation...

(Accelerating Commercialisation participants)⁴¹

Participants report acceleration of commercialisation processes

Almost three-quarters of respondents to the 2017 customer satisfaction survey report extension of networks to accelerate their commercialisation processes (Table 5.6). Through administrative data it was observed that nine out of ten participants remain in touch with their commercialisation adviser after completion of their project.

Table 5.6: Perceived benefits to business networks of participating in different elements of the Entrepreneurs' Programme

Element/Benefit of participation	Per cent of respondents identifying benefit
Accelerating Commercialisation element	
Extended business networks to accelerate the commercialisation process	74

Notes: Per cent of respondents who agreed that the advisory service/grant had helped their business achieve the improvement listed

Source: (ORIMA Research, 2017)

⁴⁰ Sources: First two quotes published in (ORIMA Research, 2017); final quotes published in (Department of Industry, Innovation and Science, 2019a)

⁴¹ Source: First quote published in (ORIMA Research, 2017); second quotes referenced in (Department of Industry, Innovation and Science, 2019a)

Participants report increased turnover from commercialisation and are in-progress or have completed commercialisation

Pre- and post-service self-reported data on turnover and employment are available for Accelerating Commercialisation participants. Performance increases were widely spread, with 68 per cent of participants recording increases in turnover attributable to the commercialisation of their product, process or service, and 73 per cent recorded increases in employment.

Among Accelerating Commercialisation participants, the overwhelming majority (97 per cent) indicated in post-service reporting that they were or have completed commercialising during the 12 months following the grant and almost half (44 per cent) indicated that they had already fully commercialised.⁴² Given the time lags associated with research, development and commercialisation activities, and the varying stages of commercialisation for businesses commencing an Accelerating Commercialisation project, this seems a very promising early outcome. It is important to note that failed commercialisation is also an outcome and is not necessarily negative considering the context of an entrepreneurial approach. Almost three quarters of participants also reported having secured further funding as a result of their project, suggesting external confidence in the ability of their projects to deliver commercial results.

Almost all Accelerating Commercialisation participants (98 per cent) perceive a benefit to their commercialisation of novel products, processes and services as a consequence of the program (Table 5.7).

Table 5.7: Perceived benefits to business and commercialisation performance of participating in different elements of the Entrepreneurs' Programme

Element/Most commonly cited benefit	Per cent of respondents identifying benefit
Accelerating Commercialisation element	
Commercialisation of novel products, processes or services	98

Notes: Per cent of respondents who agreed that the advisory service/grant had helped their business achieve the improvement listed

Source: (ORIMA Research, 2017)

An impact analysis of the Accelerating Commercialisation precursor program Commercialisation Australia⁴³ demonstrated the comparative benefit of participation in the program for businesses in the process of commercialisation. This analysis of BLADE data showed that Commercialisation Australia participants saw increased turnover and invested in R&D and physical capital at a higher rate than other firms. These firms also begin exporting at a higher rate than non-participants. It is reasonable to expect that AC participants will experience similar outcomes in the longer term.

Commercialisation Australia (CA) was an Australian government grant program that ran from 2009 to 2014. Its purpose was to support companies and innovators during the commercialisation phase of developing their products and ideas. Focusing on the small and young firms that were supported by the program, the analysis found that the participating firms tended to invest in capital and Research and Development (R&D) in larger amounts than a similar comparison group.

⁴² Department analysis of Entrepreneurs' Programme administrative datasets

⁴³ (Department of Industry, Innovation and Science, 2019g)

Participating firms also demonstrated better performance in that they had larger increases in their rates of turnover growth than the comparison group. There are also positive effects on exporting activity, patenting, and trademarking.

The last CA grants were offered in 2014. The program was replaced by the new Accelerating Commercialisation element of the Entrepreneurs' Programme (EP). While there are some differences, Accelerating Commercialisation has a similar policy intent to the Commercialisation Australia program.

Key points

- Most firms in the Commercialisation Australia (CA) program are small and young. These firms have also received the majority of CA grants.
- CA participants are mostly from Manufacturing and Professional, Scientific and Technical (PST) Services, and from sub-divisions associated with advanced technology.
- CA participants had higher R&D and capital expenditures than other similar firms in the comparison group.
- Participants also outperformed other firms in that they had larger increases in turnover growth than the comparison group.
- Overall, there was an increase in exporting activity, and patents and trademark applications among the CA participants.

Participants highly value the service received through the program

Of the 281 Accelerating Commercialisation participants who have reported against their finalised project, 97 per cent (271) noted they were satisfied or very satisfied with the benefits received through the project. No participants indicated dissatisfaction with the benefits received.

Through the Customer Satisfaction Survey, when asked whether their business would be better off, in the same position or worse off in the absence of the program, over half of respondents indicated that they would be worse off. A small proportion (6 per cent) suggested that they would have been better off. This proportion included one-third of unsuccessful Accelerating Commercialisation grant applicants.⁴⁴

Participants in Accelerating Commercialisation perceived high level of benefit from their involvement in the scheme (Table 5.8).

⁴⁴ (ORIMA Research, 2017)

Table 5.8: Perceived benefit of Accelerating Commercialisation service

Perceived benefit	Per cent of respondents who agree or strongly agree (number of respondents)
Accelerating Commercialisation grant	
Improve ability to commercialise intellectual property	100 (55)
Commercialise novel products, processes or services	98 (55)
Extend the networks to accelerate commercialisation process	74 (53)
Improve the ability to attract private investment	78 (50)

Notes: Per cent of respondents who agreed or strongly agreed with the perceived benefit.

Source: (ORIMA Research, 2017)

Participants in Accelerating Commercialisation expressed a high level of satisfaction with the available information through their engagement (Table 5.9).

Table 5.9: Overall satisfaction with information available by service/grant

Service and grant type	Per cent of respondents satisfied or very satisfied (number of respondents)
Accelerating Commercialisation service	
Accelerating Commercialisation grant	97 (55)

Notes: Per cent of respondents who were satisfied or very satisfied with information available as part of the AC service

Source: (ORIMA Research, 2017)

Data availability

The EP Data Strategy data Gap Analysis for Accelerating Commercialisation⁴⁵ indicates data available to support 4 out of 9 program outcome KPI measures, with data collection only supporting measures related to private investment, revenue generation from the commercialised product, process or service, presumptive access to BLADE data, and customer satisfaction collected through survey and final reporting.

The Entrepreneurs' Programme Data Strategy identifies BLADE as one of the primary sources of information to evaluate business performance for Accelerating Commercialisation participants. For the purpose of this report, the assessment of business performance is based on verified administrative data collected Post Service, in anticipation of BLADE data availability for a future impact assessment.

Of the 400 grants approved for Accelerating Commercialisation, validated post service report data is available for 127 engagements, validated outcome data is available for 266 companies at various stages of project progress, and end of project survey data is available for 281 engagements.

⁴⁵ (Department of Industry, Innovation and Science, 2018a)

Data gaps and inconsistencies

There has been relatively limited use of service forms to collect data for Accelerating Commercialisation. This has led to a highly manual and unstructured process to collect and update information about participants. Data collection practices with regards to this have been – and continue to be – improved to address this issue.

In addition, the availability of data to accurately assess improved commercialisation abilities is limited without a mechanism to assess baseline and post completion abilities in a structured and robust manner.

5.2 Business Management

Program description

The objective of the Business Management element of the Entrepreneurs' Programme is to encourage and assist small and medium businesses in identified growth sectors to improve their capabilities, extend their networks and take advantage of growth opportunities. The Business Management element launched in July 2014, building on the precursor program Enterprise Connect.

The Business Management element comprises three services: Business Evaluation, Supply Chain Facilitation and Growth Services. Business Growth Grants provide matched grant funding to participants to implement the service recommendations.

The Business Evaluation service provides a top to bottom analysis of a business on-site, offering tailored advice to help a business grow. The Supply Chain Facilitation service assists participants to improve their performance in domestic supply chains and potential to participate in global value chains. Growth Services assists participants to realise opportunities for business growth.

The Business Management delivery model is to provide services to participants through independent, experienced Business Advisers who are employed by external Industry Partners.

The Business Growth Grant provides matched funding to participants which lowers the costs and risks associated with implementing recommendations and/or plans, and engaging private sector consultants on a fee for service basis.

Summary findings

Box 5.2: Business Management summary of findings

Business Management outcomes

Participants report increased business capability, and lag indicators such as business performance suggest capability increases

- A majority of respondents to the 2017 customer satisfaction survey report improvements in their management skills, business systems and processes, and abilities to identify and leverage growth opportunities
- Administrative data shows that participants received 5,124 management capability recommendations, and almost one-quarter implemented more than 50 per cent of these recommendations
- The impact of implemented management capability and growth opportunity recommendations is observable, with businesses implementing more than 50 per cent of recommendations increasing turnover and export revenue
- However, the implementation of recommendations is a proxy measure and would be strengthened through the assessment of business capability using existing capability indices to provide a more direct and reproducible measure of business capability

Participants report extended business networks and make new connections

- A majority of survey respondents to the 2017 customer satisfaction survey report benefits from extended business networks, and a half report making new connections through the program in their Tier 3 reports
- Almost 4 out of 5 participants in the Supply Chains service who implement recommendations report increased turnover at Tier 3, and almost half of active exporters in Supply Chains increased their export revenue

A majority of participants reported increased turnover, FTE and export revenue

- Administrative data shows that three quarters of participants increased turnover through the program, and over 60 per cent increased their workforce
- Businesses actively exporting at the commencement of the service increased export revenue in over 70 per cent of cases
- Businesses experiencing the greatest increase in turnover also implemented the highest proportion of recommendations received through the program

Participants highly value the service received through the program

- The 2017 customer satisfaction survey shows that businesses accessing the Business Management facilitation services all report high levels of satisfaction with the program, with between 76 and 89 per cent of participants reporting high or very high value to their business
- Over 90 per cent of survey respondents who received Business Growth Grants reported high or very high value to their business
- Voice of the Customer survey respondents report very high levels of satisfaction with the services provided by their advisers and facilitators, with 97 per cent scoring their business adviser 4 or 5 stars out of 5

Data Sources

The analysis of Business Management outcomes draws on a range of quantitative and qualitative data sources collected over several years of program delivery. These data sources are summarised in Table 5.10.

Table 5.10: Business Management data sources

Data source and description	Sample size	Coverage (time)
Administrative data		
Tier 3 (post completion) reports ^a	2,493 reports	07/2014 to 04/2019
Survey		
Customer satisfaction survey ^b	489 responses	07/2015 to 02/2017
Case study		
Supply Chain facilitation participants ^c	18 businesses	Tier 3 completed by 2 nd half of 2018
Case study		
Growth Services participants ^d	5 businesses	09/2017 to 12/2017
BLADE		
Analysis of EC participants (BM precursor) ^e	3,569 participants	2001/02 to 2014/15
Survey		
Voice of the Customer ^f	245 responses	10/2018 to 05/2019
BLADE		
Analysis of BM participants	-	-

Source: ^a (Nous Group, 2019); ^b (ORIMA Research, 2017); ^c (Flinders University Australian Industrial Transformation Institute, 2018); ^d (ARTD Consultants, 2017); ^e (Department of Industry, Innovation and Science, 2019c); ^f Department of Industry, Innovation and Science data.

Inputs

Inputs to the Business Management element from commencement in July 2014 to April 2019 are summarised in Table 4.1.

Table 5.11: Business Management inputs (as at 30/06/2019)

Input	Metric
Total cost of providing advisory services ⁴⁶	\$99 million
Total grant amount approved	\$64 million
Total business contribution (at least)	\$71 million
Total project value ⁴⁷	\$134 million
Level of business co-investment for every grant dollar	\$1.11

Source: Department of Industry, Innovation and Science

Outputs

Outputs from the Business Management element from commencement in July 2014 to June 2019 are summarised in Table 4.2.

Table 5.12: Business Management outputs (as at 30/06/2019)

Output	Metric
Business evaluations approved	5,704
Discrete business approved for at least one Business Evaluation	5,670
Discrete businesses approved for more than one Business Evaluation	34
Average duration of Business Evaluations since August 2017 ⁴⁸	19 months
Supplier Improvement Plans approved	762
Discrete business approved for at least one Supplier Improvement Plan	757
Discrete businesses approved for more than one Supplier Improvement Plan	5
Average duration of Supply Chain Facilitation Service ⁴⁹	17 months
Growth Services approved	462
Discrete business approved for at least one Growth Service	455

⁴⁶ Includes cost of Specialist Directors and Advisory Services

⁴⁷ For Business Growth Grants approved between 7 Nov 2014 and 30 June 2019

⁴⁸ For Business Evaluations recorded on the Service Delivery Tool since August 2017

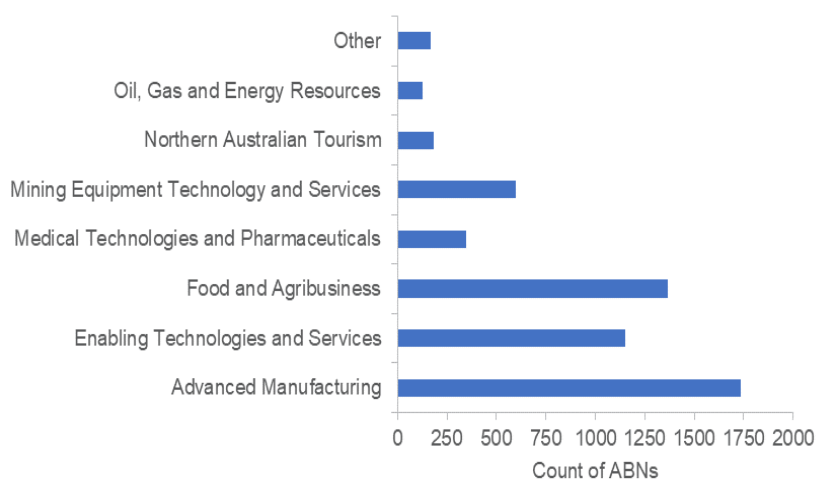
⁴⁹ Supply Chain Facilitation includes a Supplier Improvement Plan plus Implementation.

Output	Metric
Discrete businesses approved for more than one Growth Service	7
Average duration of Growth Services	24 months
Business Growth Grants approved	4,784
Discrete businesses approved for at least one grant	3,891
Discrete businesses approved for more than one grant	893
Average grant amount	\$13,159
Average grant duration	6 months

Source: Department of Industry, Innovation and Science

Participation in the program by growth sector is shown in Figure 5.2.

Figure 5.2: Distribution of Business Management participants by growth sector as at 1st April 2019



Note: "Other" includes businesses assigned to legacy growth sectors, businesses assigned to multiple growth sectors, and businesses with no growth sector recorded.

Source: (Nous Group, 2019)

Outcomes

Element and programme outcomes for Business Management are summarised in Table 5.13.

Table 5.13: Business Management outcomes

EP outcome	BM outcome	Metric
Improved business capability	Participants improve their management skills	5,124 management capability recommendations were made to participants [^]
		24 per cent (of 2,591) of participants implemented more than 50 per cent of management recommendations [^]
		79 per cent (of 625) of participants who implemented more than 50 per cent of management recommendations saw an increase in turnover [^]
	Participants improve their business systems and processes	79 per cent (of 460) of participants identified improved management skills as a benefit of the program*
		81 per cent (of 460) of participants identified improved business systems and processes as a benefit of the program*
		73 per cent (of 119) of Growth Services participants saw an increase in turnover [^]
Effective business, research and commercialisation networks	Participants improve their ability to identify and leverage growth opportunities	93 per cent (of 67) of Growth Services participants who implemented more than 50 per cent of recommendations saw an increase in turnover [^]
		66 per cent (of 41) of actively exporting Growth Services participants saw an increase in export revenue [^]
		72 per cent (of 460) of participants identified improved ability to identify and leverage growth opportunities as a benefit of the program*
	Participants extend their business networks to increase their market and supply chain participation and/or their international operations	55 per cent (of 346) of Supply Chains participants saw an increase in turnover [^]
		79 per cent (of 61) of Supply Chains participants who implemented more than 50 per cent of recommendations saw an increase in turnover [^]
		47 per cent (of 36) of actively exporting Supply Chains participants saw an increase in export revenue [^]
		51 per cent of participants made a total of 2,984 new connections [^]
		62 per cent of participants identified extended business networks as a benefit of the program*

EP outcome	BM outcome	Metric
Improved business and commercialisation performance	Participants improve their business performance	75 per cent (of 1,968) report an increase in turnover [^]
		61 per cent (of 1,987) report an increase in FTE [^]
		71 per cent (of 388) actively exporting participants report an increase in export revenue [^]
Participants valuing the Programme	Satisfaction levels amongst participants with the service they received	82 per cent (of 391) rate the overall Business Evaluation service as high or very high value to their business [*]
		89 per cent rate (of 18) the overall Growth Services service as high or very high value to their business [*]
		76 per cent rate (of 37) the overall Supply Chains service as high or very high value to their business [*]
		91 per cent rate (of 290) the overall Business Growth Grant as high or very high value to their business [*]
		97 per cent (of 245) score their business adviser at 4 or 5 stars out of 5 [#]
		97 per cent (of 245) agreed or strongly agreed that their business adviser tailored advice to fit their circumstances

Source: [^]Administrative data – (Nous Group, 2019); ^{*}Survey data – (ORIMA Research, 2017); [#] Survey data – Voice of the Customer

Participants report increased business capability, and lag indicators such as business performance suggest capability increases

Businesses identify capability improvements through their participation in the program

In attributing capability improvements to participation in the program, Business Management participants cited improved management skills, business systems and processes and ability to identify and leverage growth opportunities (Table 5.14).

Table 5.14: Perceived benefits to business capabilities of participating in different elements of the Entrepreneurs' Programme

Element / Benefit of participation	Per cent of respondents identifying benefit
<i>Business Management element</i>	
Improved business systems and processes	81
Improved management skills	79
Improved ability to identify and leverage growth opportunities	72

Source: (ORIMA Research, 2017)

Business growth and business systems and processes have been the areas most frequently identified by business advisers as offering opportunities for capability improvement among participating businesses

Well over 33,000 recommendations were made by advisers and facilitators to the businesses who participated in services offered under the Business Management element between July 2014 and April 2019.⁵⁰ The recommendations spanned all aspects of business capability and opportunity (Table 5.15). Growth opportunities and business systems and processes accounted for more than 40 per cent of all recommendations, while skills and exports contributed the least, jointly accounting for just six per cent of the total.

Around one-fifth of recommendations were not classified to a particular impact area. These were mostly generated by advisers offering Business Evaluation services.⁵¹

⁵⁰ (Nous Group, 2019)

⁵¹ (Nous Group, 2019)

Table 5.15: Per cent of recommendations by impact area and implementation status: Business Management element

Recommendation impact area (number of recommendations)	Complete	In progress	Not complete
Other (7,273)	24	29	47
Sustainability (4,107)	24	14	63
Skills (1,596)	21	2	77
Growth (7,281)	22	17	61
Exports (545)	17	17	66
Capability (5,830)	21	16	62
Business systems and processes (7,054)	22	19	59

Notes: The following Growth Services impact areas were classified as “capability”: access to information and expertise, CRM/customer engagement, digital strategy, leadership and management capacity, market research, strategic planning, strategy execution, and supply chain

Source: (Nous Group, 2019)

Recommendations classified to the ‘capability’ impact area covered a range of management capabilities, including strategic planning, leadership and management capacity, digital strategy and strategy execution, among others. These areas have been identified by the Department and in other research as areas in which small and medium-sized businesses in Australia lag in capability.⁵² They are also areas likely to affect the capacity of firms to absorb new knowledge. Capability-related recommendations accounted for 17 per cent of all recommendations made to Business Management participants, implying that advisers identified deficiencies in those areas in the businesses they serviced and were able to suggest ways to reduce them.

Only one-quarter of all Business Management participants had implemented more than half of the management capability recommendations made to them by the Tier 3 reporting stage; however, most respondents to a survey of Entrepreneurs’ Programme participants reported capability improvements in their businesses as a result of the program

The opportunity to improve their management and business capabilities by implementing the recommendations made to them was not immediately taken up by many businesses. The majority of businesses participating in the Business Management element did not immediately act on the management capability recommendations (Box 5.4) made to them by business advisers (Box 5.5). Implementation rates⁵³ varied among program participants, but at the point of submission of their Tier 3 reports (typically 12 to 18 months after completion of the service) only one-quarter had implemented more than 50 per cent of the recommendations they had received. This is potentially significant, as businesses who had implemented a higher proportion of their recommendations also recorded, on average, more growth in turnover and/or employment following engagement with the program than other businesses (Box 5.3).

⁵² See, for example, (Department of Industry, Innovation and Science, 2019f)

⁵³ A recommendation is defined as implemented for the purpose of this document if the action specified in the recommendation is either completed or in the process of completion.

Box 5.3: Implementation of recommendations and business performance

Businesses implementing more than half of their management capability recommendations outperform their counterparts, demonstrating:

- significantly higher change in turnover (mean increase of 14 per cent) compared to businesses implementing no recommendations (mean increase of 10 per cent)
- significantly higher change in FTE (mean increase of 11 per cent) compared to businesses implementing no recommendations (mean increase of 7 per cent)

Source: (Nous Group, 2019)

The observation that improved business capability is linked to improved business performance is supported by a separate analysis of Australian small and medium firms by the Office of the Chief Economist.⁵⁴ This study of management capability showed an association between management capability and firm performance, with moderate increases in management capability having direct benefit for business productivity and export intensity.

Box 5.4: Definition of management capability recommendations for Business Management

Improvement in management capability is a KPI of the EP outcome Improve Business Capability. The implementation of management capability recommendations is taken as a proxy of improvement in management capability, as defined in the Entrepreneurs' Programme Data Strategy. Recommendations recorded under the following recommendation categories were classified as "management capability" recommendations for the purpose of this report:

1. leadership
2. financial management
3. financial management issues
4. workforce
5. workforce planning
6. human resources issues
7. internal issues

Source: (Department of Industry, Innovation and Science, 2016b)

Almost three in every ten Business Management participants had not implemented any of the recommendations they had received by the time of Tier 3 reports. The overall implementation rate for management capability recommendation categories was 40 per cent at Tier 3.

The reasons for non-implementation of recommendations are not recorded in the reports submitted by businesses. However, case studies and other feedback suggest that time and cost are inhibiting factors, especially for smaller businesses, as well as, in some cases, lack of confidence in the utility of some of the recommendations themselves.

⁵⁴ (Department of Industry, Innovation and Science, 2019e)

Box 5.5: Implementation of recommendations made by advisers to Business Management participants

- Each firm implements on average **37 per cent** of received recommendations
- Higher implementation rates were observed among **businesses participating in Growth Services and Supply Chain Facilitation** and for recommendations related to **sustainability and growth**
- Lower implementation rates were observed among **businesses participating in Business Evaluation services** and for recommendations related to **skills and exports**
- Recommendations classified as requiring **'simple action'** (smaller in scale and more easily implemented without grant funding) were not implemented at a higher rate than those classified as requiring more complex action
- **Almost 30 per cent of all Business Management participants receiving recommendations had implemented none of them by the Tier 3 reporting stage**

Notes: A recommendation is defined as implemented for the purpose of this document if the action specified in the recommendation is either completed or in the process of completion at the point of submission of the Tier 3 report.

Source: (Nous Group, 2019)

Funding is important in translating recommendations into action

Business Management participants who received grants in addition to advice and facilitation services were observed to have a generally higher implementation rate (43 per cent, n = 1,424) of recommendations than those who received services only (29 per cent, n = 1,069).⁵⁵ This observation is supported by improved business performance for Enterprise Connect participants receiving both review services and follow-on grants (see below). Government co-funding was seen by some ORIMA survey respondents to have reduced the risk associated with financing the implementation of recommendations.

⁵⁵ Note: Data linking between facilitation and grants datasets may result in a small number of double-counts as Tier 3 reports relate to facilitation only. This analysis includes 97 businesses that provided two Tier 3 responses for two separate facilitations. Of these, 65 also received a business growth grant at some point. These businesses will be classified as receiving a grant, even if one of the Tier 3 reports does not include a grant.

Participants report extended business networks and make new connections

The administrative data suggest that the Entrepreneurs' Programme has supported considerable network enhancement. Almost half of the businesses accessing the Supply Chain facilitation service reported that they had implemented more than half of the recommendations made to them, suggesting increased market or supply chain participation after the service.

Participants in supply chain facilitation services expressed the highest level of satisfaction with the network connections provided by advisers, perhaps because networks are so fundamental to supply chain participation.

A case study of Supply Chain participants conducted by Flinders University showed that while many 'notable' partnerships (including R&D partnerships) existed between businesses in the food sector and university and research institutes, this was not the case in the advanced manufacturing sector. There, it was suggested, both buyers and suppliers would benefit greatly from strengthening relationships with the research sector for R&D and student internships to foster increased innovation in the supply chain.⁵⁶

Network extension provided substantial and immediate benefits to many firms

Case studies and survey responses exemplify the dynamics and utility of network extension for particular businesses.

Once an adviser or facilitator understands a participant's business and ambitions, referrals to networks and supply chain participants can be quickly made and quickly acted on. Exposure to new connections can open up a firm to new knowledge, new business processes, new market channels, new growth or export opportunities, and new research possibilities. Any of these can be transformational for a business. Case studies of Growth Services revealed businesses who had been:

- helped to access the Industry Skills Fund to support staff training requirements
- referred to the Innovation Connections desktop service to get advice about whether business systems they were planning to implement were fit for purpose
- connected with the Centre for Defence Industry Capability to receive advice on the technology investment needed to support their work in the defence sector.⁵⁷

Support such as this had helped Growth Services participants to 'plot a clear and strategic path' to capitalise on identified growth opportunities and 'put in place the systems and processes to provide a solid foundation for growth'.⁵⁸ Businesses also demonstrated an 'increasingly outward focus' and greater willingness to 'draw on available external networks and resources to further grow their businesses'.⁵⁹

Businesses participating in the supply chain facilitation service were reported in the study as having focused on expanding the number of buyers, industries or market segments and sales channels, in the belief that over-reliance on one buyer was a risk and would lead to aggressive

⁵⁶ (Flinders University Australian Industrial Transformation Institute, 2018)

⁵⁷ (ARTD Consultants, 2017)

⁵⁸ (ARTD Consultants, 2017)

⁵⁹ (ARTD Consultants, 2017)

cost cutting. In some cases, marketing plans developed with the help of an adviser were implemented immediately, resulting in early gains.

A majority of participants reported increased turnover, FTE and export revenue

Among Business Management participants, increases in turnover and employment were recorded by 75 per cent and 61 per cent of participants respectively. The largest increases in both turnover and employment were recorded by smaller firms. This observation is supported by the impact analysis of participants in the Business Management precursor program Enterprise Connect.⁶⁰ This impact analysis showed that participants receiving a business review service in Enterprise Connect outperform non-participants in terms of turnover and employment, an effect that is further increased for businesses receiving both a business review and a grant. The anticipated compounding effect of facilitation (review) and grant on turnover and employment in Business Management was not able to be observed as the collection of post completion data is based on the facilitation service and may occur prior to the completion of the Business Growth Grant (as identified in the Business Management Data Gap Analysis⁶¹).

Turnover, FTE and export revenue growth between Business Management services varies, with Growth Services participants reporting an average increase of 26 per cent turnover between baseline and Tier 3 reporting, compared to 13 per cent and 12 per cent for Supply Chains and Business Evaluation respectively. Likewise, growth in FTE is higher for Growth Services at 18 per cent, compared to 8 and 9 per cent for Supply Chains and Business Evaluation respectively. The most substantial difference is seen in growth in export revenue, with Growth Services participants averaging a 48 per cent increase, and Supply Chains and Business Evaluation averaging 17 and 18 per cent respectively⁶².

The case study of firms participating in the Supply Chain Facilitation (SCF) service indicates the chain of events that led to increased turnover among those firms. Digitisation and automation were key themes of SCF recommendations. Participants who adopted them were able to achieve greater quality control and consistency in their production. Some also achieved ISO or export accreditation. These factors increased firms' competitiveness, opened new markets and had the potential to reduce costs as well.⁶³

High growth businesses tend to be small and implement a higher proportion of their recommendations than other participants

Administrative data analysis found consistent evidence that certain categories of businesses showed greater capability improvement and faster growth following commencement with the program than other program participants.

High growth businesses were defined as the top 25th percentile of participants ordered by per cent change in self-reported turnover between baseline and Tier 3 reporting. The higher-growth businesses:

- Tended to be smaller (but not micro-sized) businesses (5-19 employees)

⁶⁰ (Department of Industry, Innovation and Science, 2019c)

⁶¹ (Department of Industry, Innovation and Science, 2018b)

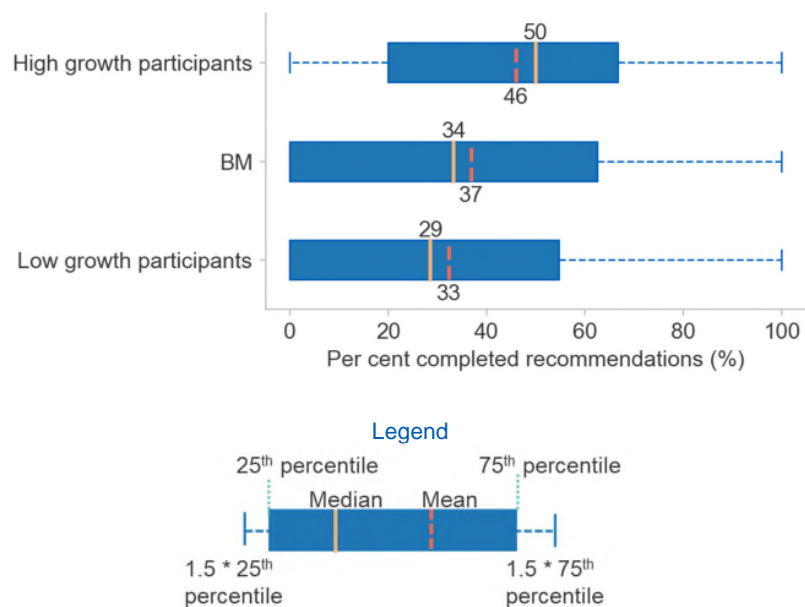
⁶² (Nous Group, 2019)

⁶³ (Flinders University Australian Industrial Transformation Institute, 2018)

- Were overrepresented in businesses who had accessed the Growth Services and Supply Chain Facilitation services
- Implemented an average of 46 per cent of recommendations, compared to 37 per cent for all Business Management participants (Figure 5.3)
- Were classified as being part of, or enabling, the following growth sectors: Advanced Manufacturing, Mining Equipment Technologies and Services, Information and Communications Technology, and Infrastructure-related Construction and Services
- Had a higher proportion of participants that had accessed the Entrepreneurs' Programme at least once prior to their 'high growth' service.⁶⁴

The reasons for these patterns are unclear and may warrant further investigation. It seems possible that smaller (but not micro-sized) businesses may have lower absorptive capacity than larger and more established ones, where the opportunity to identify business strengths, build networks, differentiate business roles and attract funding are more developed. Larger businesses may have less need for assistance or, alternatively, may benefit from involvement but demonstrate smaller achievements in proportionate terms because they build from a larger base. Businesses in particular sectors may have more growth opportunities, or more immediate growth opportunities, than others. Businesses demonstrating the ability and willingness to implement the advice provided to them may have had more dynamic leadership, more flexibility, more risk tolerance and/or more resources than others.

Figure 5.3: Implementation of recommendations by high growth and low growth participants compared to all Business Management participants



Source: (Nous Group, 2019)

⁶⁴ (Nous Group, 2019)

Participants highly value the service received through the program

Participants in Business Management expressed a high level of satisfaction with the quality of advice and support from advisers and facilitators received through their engagement (Table 5.16).

Table 5.16: Overall satisfaction with the advice/support received from BM advisers and/or facilitators

Service and grant type	Per cent of respondents satisfied or very satisfied (number of respondents)
Business Management service	
Business Evaluation	93 (384)
Supply Chain Facilitation	95 (40)
Growth Services	94 (16)

Notes: Per cent of respondents who were satisfied or very satisfied with the advice/support received from BM advisers and/or facilitators.

Source: (ORIMA Research, 2017)

Business Management participants also report a very high level of satisfaction with the skills and knowledge (94 to 95 per cent), identification of issues (90 to 94 per cent), and tailoring of advice (92 per cent) by advisers and facilitators.

Participants in Business Management expressed a high level of satisfaction with the quality of reports and plans received through their engagement (Table 5.17).

Table 5.17: Overall satisfaction with the reports/plans received as part of the BM service

Service and grant type	Per cent of respondents satisfied or very satisfied (number of respondents)
Business Management service	
Business Evaluation	93 (358)
Supply Chain Facilitation	89 (36)
Growth Services	88 (16)

Notes: Per cent of respondents who were satisfied or very satisfied with the reports/plans received as part of the BM service.

Source: (ORIMA Research, 2017)

Feedback on advisers and facilitators provided through the Voice of the Customer survey is generally very positive (Table 5.18). However there is some criticism of the delays associated with application and grant approval processes and the relevance of some recommendations provided.

Table 5.18: Feedback on advisers and facilitators

The business adviser demonstrated the following:	Per cent of respondents who agree or strongly agree (n = 245)
Understood their business needs	97
Tailored advice to fit their circumstances	97
Provided valuable insights into their industry	82

Notes: The 245 total responses related to 75 business advisers from all Business Management industry partners.

Source: Department of Industry, Innovation and Science data

Element observations

A number of participants in the Business Management element that did not meet turnover requirement, access the element through prior year operational expenditure

A preliminary analysis of baseline figures of Business Management participants indicated that 116 participants did not meet the minimum financial threshold requirements for that element of the program through turnover alone in the financial year in which they applied.⁶⁵ However, the eligibility requirements of Business Management allow for the financial threshold to be met through turnover or operating expenditure within the current or previous two financial years. A significant portion of the 116 identified fall into this category, however there were also inconsistencies between service eligibility documentation and administrative data. A further 17 had accessed the Accelerating Commercialisation element prior to engaging with Business Management. The Business Management element has provisions within its guidelines to allow the Program Delegate to approve access to these services if the business has received an accelerating commercialisation grant.

One fifth of participants in Business Management are classified as 'enablers' of growth sectors rather than direct participants in those sectors

Eligibility for access to Business Management services requires that a business be operating in one or more of five nominated growth sectors (Appendix B) or providing enabling technologies or services to one or more of those sectors. Analysis of administrative data showed that 'enabling' businesses constituted 20 per cent of the Business Management participants in the period under review. Decisions are made about the eligibility of such businesses with consideration of the program intent and policy rationale.

The personalised intervention offered under the Business Management is a major success factor for the program

Case study interviews make it clear that the quality and quantity of the interaction between advisers and facilitators and their client businesses are pivotal in determining program outcomes. Where trust and confidence are built, the interaction is more likely to be frank and constructive, recommendations and referrals are more likely to be accepted and implemented and business capabilities are likely to be permanently enhanced. Advice tailored to the particular needs, aspirations and potential of individual firms will almost certainly elicit more receptiveness among firms, and greater ability and willingness to implement, than self-assessment based on generic principles or insights. The ORIMA survey showed similar results. There, participants expressed

⁶⁵ Participants in the Business Management element were required to have a minimum turnover of \$1.5 million, or \$750,000 if they were located in remote or northern Australia.

high levels of satisfaction with their advisers and facilitators. ARTD Consultants concluded from a case study of Growth Services participants that:

The strength of the Business Adviser network is a key asset of [the Entrepreneurs' Programme] ... [it] is recruiting appropriately skilled Business Advisers who can partner effectively with businesses and build enduring relationships.⁶⁶

ARTD also reported the comments of several businesses that 'having an external adviser to hold them accountable to making changes ... was very important', particularly when day-to-day operations can overtake longer term strategy work.⁶⁷ One business quoted by ARTD also referred to the skills transfer that occurred when a consultant funded under a Business Growth Grant worked closely with senior staff in the business, 'providing excellent advice that helped build internal skills and knowledge'.⁶⁸

Some advisers consulted for the ARTD case studies commented that program KPIs generated incentives and activities that favoured quantity over quality in service commencements, made it difficult to service clients for a second year of engagement (as a new set of commencement KPIs had to be met each year) and did not recognise the contribution of additional, specialist advisers who might have been consulted for a particular Business Growth service. Business Growth advisers felt that this risked prioritising adviser targets over the needs of their client businesses.⁶⁹

In addition, and perhaps more importantly, it is not clear that all firms need, or benefit equally from, the service intensity currently provided. If it were possible to assess the capabilities and requirements of individual firms on entry to the program and determine an appropriate service focus and intensity, it is possible that more firms could be accommodated and greater efficiency generated, without loss of service quality.

Data availability

The EP Data Strategy Data Gap Analysis for Business Management⁷⁰ indicates data available to support 7 out of 9 program outcome KPI measures, with gaps in evaluating operational and/or strategic management capability and achieving identified growth opportunities. Analysis of available administrative data found additional gaps in:

- evaluating the capability to identify and leverage growth opportunities for Growth Services participants, and
- accessing new or existing markets or supply chains for Supply Chains participants.

Growth Services participation does not include the collection of capability, capacity and connectivity at baseline, so that an assessment of increased capability is not possible. Supply Chains end of engagement forms collect information regarding new and existing markets and supply chains, however the data is not consistently collected, is not structured for analysis, and additional work is required to extract outcomes information from this source.

⁶⁶ (ARTD Consultants, 2017)

⁶⁷ (ARTD Consultants, 2017) p 8-9

⁶⁸ (ARTD Consultants, 2017) p 9

⁶⁹ (ARTD Consultants, 2017) p 15

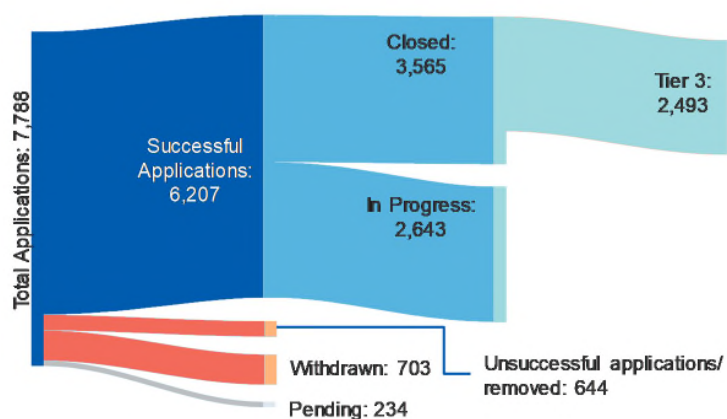
⁷⁰ (Department of Industry, Innovation and Science, 2018b)

As a proxy for the above data gaps, element outcomes against the measures were assessed using business performance following implementation of Growth Services and Supply Chains specific recommendations respectively.

The Entrepreneurs' Programme Data Strategy identifies BLADE as the relevant source of information to evaluate business performance for Business Management participants. For the purpose of this report, the assessment of business performance is based on administrative data collected Post Service (Tier 3), in anticipation of BLADE data availability for a future impact assessment.

Of the 3,565 participants of Business Management who completed a Business Evaluation, Growth Services or Supply Chains service to April 2019, outcomes data from completed post-service reports (or equivalent) are available from 2,493 participants. A visualisation of data availability for Business Management access and post service data as at April 2019 is shown in Figure 5.4.

Figure 5.4: Business Management access and post service data availability (as at 01/04/2019)



Source: (Nous Group, 2019)

Data gaps and inconsistencies limit the ability to track the delivery and implementation of recommendations across the program

Although recommendations, referrals, action plans and other advice are a major output of all three original elements of the Entrepreneurs' Programme, their categorisation, recording and tracking are inconsistent in quality and comprehensiveness. While the Business Management element has the most comprehensive recommendations data of all elements, there is still limited supporting information concerning the use of recommendations and the recording of progress against the recommendations. Recommendation categories and impact areas are not defined, nor are the requirements for full or partial implementation.

For the purpose of this report, some categories of recommendations were consolidated across the different Business Management services to make it easier to aggregate and compare them. It should be noted that recommendation types and implementation rates could not be calculated for elements other than Business Management, and therefore they are not discussed in relation to the other elements.

5.3 Innovation Connections

Program description

The objective of Innovation Connections is to encourage and assist small and medium businesses to access knowledge, engage with Researchers and foster innovation.⁷¹ The program commenced on 1 September 2014 as Research Connections. It was expanded and rebranded from to Innovation Connections in 2016 as part of the National Innovation and Science Agenda. The expansion included an additional eight Facilitators and two new funding pathways for collaboration: Business Researcher Placements and Graduate Placements.

Eligible businesses have a turnover threshold between \$1.5 million and \$100 million and operate in an identified Growth Sector. The program is delivered through a national network of 18 Innovation Facilitators, who review the business' research collaboration needs. If required, the Facilitator connects the business to expertise within the research sector. Up to \$50 thousand in matched grant funding may be available to support the placement of a researcher or graduate in the business, or a business researcher in a research organisation. Innovation Connections Grants are approved by the Program Delegate.

Summary findings

Box 5.6: Innovation Connections summary of findings

Innovation Connections outcomes

Participants report improved ability to address research problems and innovate, and produce new intellectual property, processes and products.

- A majority of survey respondents to the 2017 customer satisfaction survey report improvements in their ability to address research problems, ability to innovate, and use of technology
- Administrative data shows that almost two-thirds of participants increased R&D expenditure during the course of their engagement
- Administrative data shows that between one-half and two-thirds of participants created new intellectual property (66 per cent), new processes (53 per cent), or new products (60 per cent)

Participants build ongoing relationships with researchers and research organisations

- A majority of survey respondents to the 2017 customer satisfaction survey report extended networks to leverage research capability
- Administrative data shows that the majority of researcher placements (88 per cent) resulted in ongoing relationships with the business
- Administrative data shows that two-thirds of businesses with no prior engagement established ongoing research relationships through the program

Participants appear to increase turnover, FTE and export revenue, but data is limited

- Available administrative data is limited, but shows an increase in turnover for 63 per cent of participants, an increase in FTE for 47 per cent, and an increase in export revenue for 42 per cent of participants

⁷¹ (Department of Industry, Innovation and Science, 2019e)

Participants highly value the program

- The 2017 customer satisfaction survey shows that businesses accessing Innovation Connections services report high levels of satisfaction with the program, with between 82 per cent for facilitation and 92 per cent for grants reporting high or very high value to their business
- 99 per cent of final report respondents were highly satisfied with their experience, and would recommend to another business

Data sources

The analysis of Innovation Connections outcomes draws on a range of quantitative and qualitative data sources collected over several years of program delivery. These data sources are summarised in Table 5.19.

Table 5.19: Innovation Connections data sources

Data source and description	Sample size	Coverage (time)
Administrative data		
Final reports ^a	531 reports	09/2014 to 10/2019
Administrative data		
Post completion reports ^b	60 reports	2017 to 2019
Survey		
Customer satisfaction survey ^c	218 responses	07/2015 to 02/2017
Case study		
Innovation Connections participants ^d	5 businesses	09/2017 to 12/2017
Case study		
Regional "mini-cases" of Innovation Connections programme ^e	3 regions	08/2019 to 04/2019
BLADE		
Analysis of IC participants	-	-

Source: ^a(Nous Group, 2019); ^b(Nous Group, 2019); ^c(ORIMA Research, 2017); ^d(ARTD Consultants, 2017); ^e(Australian National University, 2019)

Inputs

Inputs to the Innovation Connections element from commencement in September 2014 to June 2019 are summarised in Table 5.20.

Table 5.20: Innovation Connections inputs (as at 30/06/19)

Input	Metric
Total cost of providing advisory services	\$18 million
Total grant amount awarded	\$54 million
Total business contribution (at least)	\$66 million
Total project value	\$120 million
Level of business co-investment for every grant dollar	\$1.22

Source: Department of Industry, Innovation and Science

Outputs

Outputs from the Innovation Connections element from commencement in September 2014 to June 2019 are summarised in Table 5.21.

Table 5.21: Innovation Connections outputs (as at 30/06/2019)

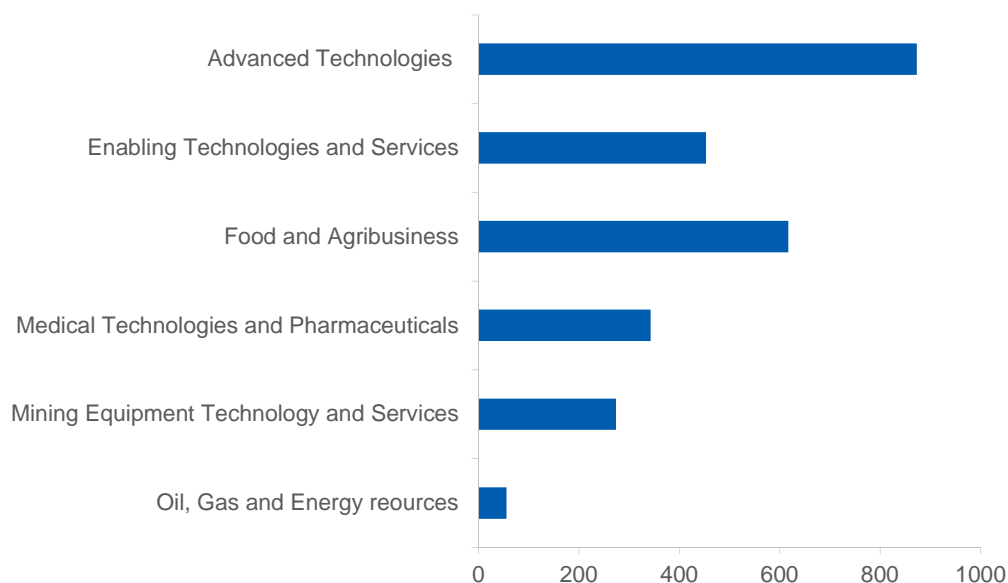
Output	Metric
Facilitations approved ⁷²	2,616
Discrete businesses approved for at least one facilitation	2,243
Discrete businesses approved for more than one facilitation	301
Research facilitations approved	1,666
Discrete businesses approved for at least one research facilitation	1,605
Discrete businesses approved for more than one research facilitation	61
Average duration of research facilitation	3 months
Grants approved	1,314
Discrete businesses approved for at least one grant	872
Discrete businesses approved for more than one grant	375
Average grant amount	\$41,400
Average grant duration	10 months

Source: Department of Industry, Innovation and Science

⁷²Facilitations include Research Facilitations, Technology & Knowledge Facilitations, and IT Facilitations unless otherwise noted.

Participation in the program by growth sector is shown in Figure 5.5 below.

Figure 5.5: Distribution of Innovation Connections participants by growth sector (as at 30/6/2019)



Source: (Nous Group, 2019)

Outcomes

Element and programme outcomes for Innovation Connections are summarised in Table 5.22.

Table 5.22: Innovation Connections outcomes

EP outcome	IC outcome	Metric
Improved business capability	Participants improve their use of technology	68 per cent (of 201) report improved technology use in the business* 638 businesses received an ICT facilitation service
	Participants improve their ability to address research problems	79 per cent (of 204) report improved ability to address research problems* 1,605 businesses received a research facilitation service
		743 businesses engaged with a graduate or a researcher^
		75 per cent (of 531) of businesses note or expect an improvement in their workforce skills^
		94 per cent (of 531) were satisfied with the result of their research project^
		63 per cent (of 531) saw an increase in R&D expenditure between application and post service reporting^
	Participants improve their ability to innovate	80 per cent (of 207) report improved ability to innovate*

EP outcome	IC outcome	Metric
		66 per cent (of 531) created intellectual property [^]
		53 per cent (of 531) report new process development [^]
		60 per cent (of 531) report new product development [^]
		88 per cent (of 531) report accessing or expecting to access new markets [^]
Effective business, research and commercialisation networks	Participants extend their networks to leverage research capability	77 per cent (of 206) report extended networked to leverage research capability*
		727 researcher placements completed [^]
		88 per cent (of 290) of researcher placements resulted in ongoing relationships (83 per cent with no prior engagement) [^]
		95 graduate placements completed [^]
		93 business researcher placements into publicly funded research organisations delivered [^]
		92 per cent (of 62) of business researcher placements resulted in ongoing relationships (95 per cent with no prior engagement) [^]
		61 publicly funded research organisations have collaborated with 651 businesses [^]
		65 per cent (of 209) of businesses with no prior engagement established ongoing research relationships [^]
Improved business performance	Participants improve their business performance ⁷³	63 per cent (of 60) report an increase in turnover [^]
		47 per cent (of 60) report an increase in FTE [^]
		42 per cent (of 31) actively exporting participants report an increase in export revenue [^]
Participants valuing the Programme	Satisfaction levels amongst participants with the service they received	82 per cent (of 196) rate the overall Innovation Connections facilitation service as high or very high value to their business*
		92 per cent (of 98) rate the overall Innovation Connections grant as high or very high value to their business*
		99 per cent (of 531) were satisfied or highly satisfied with their Innovation Connections experience [^]

⁷³ BLADE will be the primary source of analysis for business performance when available. Interim administrative data is analysed here for 2019 only

EP outcome	IC outcome	Metric
		99 per cent (of 531) of businesses were likely or highly likely to recommend Innovation Connections to other businesses [^]
		99 per cent (of 531) of businesses were satisfied or highly satisfied with their Innovation Connections Facilitator [^]
		Among businesses with graduate placements, 93 per cent (of 80) of businesses were satisfied or highly satisfied with the graduate [^]
		Among businesses with business researcher placements, 99 per cent (of 80) of businesses were satisfied or highly satisfied with the PFRO [^]
		Among businesses with researcher placements, 95 per cent (of 371) of businesses were satisfied or highly satisfied with the researcher [^]

Source: [^]Administrative data – (Nous Group, 2019); *Survey data – (ORIMA Research, 2017)

Participants report improved ability to address research problems and innovate, and produce new intellectual property, processes and products

Capability improvements attributed to the program by Innovation Connections participants related to improvements in their ability to innovate, address research problems and use technology in their businesses. Almost two-thirds of participants reported an increase in R&D expenditure between the point of application and their post-service report (Table 5.23).

Innovation Connections appears to have delivered strong early results for their participants. Two-thirds of the 531 businesses accessing this element reported through end of service surveys as having generated new intellectual property, while 59 per cent developed new products and 53 per cent developed new processes during their program engagement (Table 5.23).

Table 5.23: Improvements in business capability among participants in Innovation Connections

Capability improvement	Per cent of participants reporting improvement
<i>Innovation Connections participants</i>	
• R&D expenditure increased	63
<i>Innovation Connections Grant recipients</i>	
• Intellectual property created	66
• New process developed	53
• New product developed	59
• New markets accessed (or expect to access)	88

Source: (Nous Group, 2019)

Survey data provides further insights on perceived benefits of the advice and facilitation service to Innovation Connections participants:

In-depth research of the business – where it is and where it wanted to go...

Focused our attention and accelerated development of a new competitive product...

[Our business] did not have the in-house expertise to investigate the technology we were interested in...

(Innovation Connections participants)⁷⁴

The majority of participants in Innovation Connections agreed that the facilitation or grant has helped their business innovate, address research problems, and improve technology use. Agreement was higher for grant recipients than for facilitation services for all cited benefits (Table 5.24)

Table 5.24: Perceived benefits of the Innovation Connections service / grant

Cited benefit	Per cent of respondents agreeing or strongly agreeing with the benefit (number of responses)
Improve the ability to innovate	
Innovation Connections Grant	91 (92)
Innovation Connections Facilitation	67 (115)
Improve the ability to address research problems	
Innovation Connections Grant	91 (91)
Innovation Connections Facilitation	65 (113)
Improve technology use in the business	
Innovation Connections Grant	76 (90)
Innovation Connections Facilitation	59 (111)

Notes: Per cent of respondents who agreed or strongly agreed that the advisory service/grant had helped their business achieve the improvement listed

Source: (ORIMA Research, 2017)

Participants build ongoing relationships with researchers and research organisations

The majority of Innovation Connections grant recipients established ongoing relationships with a publicly-funded research organisation or a researcher, including large percentages who had had no previous engagement with such organisations or researchers (Box 5.7).

⁷⁴ (ORIMA Research, 2017)

Box 5.7: Expansion of research networks among Innovation Connections grant recipients

Among all Innovation Connections graduate placement grant recipients who completed a final report (n = 80):

- 68 per cent had not previously engaged a graduate to undertake research

Among all Innovation Connections business researcher placement grant recipients who completed a final report (n = 80):

- 38 per cent had not previously engaged a publicly funded research organisation in a commercial or contractual manner
- 92 per cent established ongoing relationships with the publicly funded research organisation
- Among those with no previous engagement, 95 per cent established ongoing relationships with a publicly funded research organisation

Among all Innovation Connections researcher placement grant recipients who completed a final report (n = 371):

- 49 per cent had not previously engaged a publicly funded research organisation in a commercial or contractual manner
- 87 per cent established ongoing relationships with the researcher
- Among those with no previous engagement, 83 per cent established ongoing relations with the researcher

Source: (Nous Group, 2019)

As noted above, survey results show different perceived benefits of the different elements of the program, with benefits identified for Innovation Connections participants (shown in Table 5.25).

Table 5.25: Perceived benefits to business networks of participating in different elements of the Entrepreneurs' Programme

Element / Benefit of participation	Per cent of respondents identifying benefit
<i>Innovation Connections element</i>	
Extended business networks to leverage research capability	77

Notes: Per cent of respondents who agreed that the advisory service/grant had helped their business achieve the improvement listed

Source: (ORIMA Research, 2017)

In Innovation Connections, innovation facilitators played an instrumental role in brokering research partners, either by connecting the researchers and the businesses or by ensuring that projects got off the ground. The time saved as a result can be substantial: one case study participant commented that without the advice of someone 'so knowledgeable in the field' the research process would have taken 'three or four years' and possibly failed, requiring a new

start.⁷⁵ The research collaborations entered into by two businesses created new innovative products that increased their market competitiveness, and one had patented that product and improved its processes as a result, requiring it to expand its manufacturing operations to meet new demand. That business reported in a case study that:

*... we are looking at doubling our product share, doubling our sales over the next five years ... that kind of growth ... was never dreamt of.*⁷⁶

The ARTD case study of Innovation Connections participants made the point clearly, observing that two research participants were university based, commercially oriented research units that had received multiple Innovation Connections grants. These had increased their capacity to provide services to industry by allowing the university to encourage businesses to undertake collaborations with their researchers through the offer of matched funding and an innovation facilitator to simplify the administrative process.⁷⁷

The case study suggested that researchers participating in Innovation Connections also benefit from the career development and future funding opportunities that can arise from collaborating with industry.⁷⁸

A similar observation was made by the Australian National University in its review of the dynamics of the Innovation Connections facilitation process. There, it was observed that the university industry dialogue encouraged under the program sets the basis for ongoing interaction. Once industry engages with Innovation Connections they gain entry into other research opportunities more broadly, including Australian Research Council linkage grants and other government programs. In this way, the program is 'a catalyst for "opening up" universities to research and development benefits through matched funds ... and for encouraging the commercialisation of products ... setting the basis for ongoing interaction'.⁷⁹

Participants appear to increase turnover, FTE and export revenue, but data is limited

Three years of longitudinal data will become available in 2020-21 for BLADE analysis of business performance of Innovation Connections participants. As an interim measure for this report, self-reported administrative data is analysed. The administrative data sample is limited to a small cohort (60) of participants who have been engaged post completion to collect financial and employment data for comparison to baseline.

Of this small data set, almost two-thirds recorded an increase in turnover and almost half recorded an increase in employment between commencement with the program and post-service reporting.⁸⁰

⁷⁵ (ORIMA Research, 2017)

⁷⁶ (ARTD Consultants, 2017)

⁷⁷ (ARTD Consultants, 2017)

⁷⁸ (ARTD Consultants, 2017)

⁷⁹ (Australian National University, 2019)

⁸⁰ (Nous Group, 2019)

Participants highly value the program

Survey respondents from Innovation Connections expressed a high level of satisfaction with the quality of advice and support from advisers and facilitators received through their engagement (Table 5.26).

Table 5.26: Overall satisfaction with the advice/support received from IC advisers and/or facilitators

Service and grant type	Per cent of respondents satisfied or very satisfied (number of respondents)
<i>Innovation Connections service</i>	
Innovation Connections Facilitation	93 (194)

Notes: Per cent of respondents who were satisfied or very satisfied with the advice/support received from IC advisers and/or facilitators.

Source: (ORIMA Research, 2017)

Innovation Connections facilitation participants also report a very high level of satisfaction with the skills and knowledge (91 per cent), identification of issues (85 per cent), and tailoring of advice (92 per cent) by advisers and facilitators.

Participants in Innovation Connections expressed a high level of satisfaction with the quality of reports and plans received through their engagement (Table 5.27).

Table 5.27: Overall satisfaction with the reports/plans received as part of the IC service

Service and grant type	Per cent of respondents satisfied or very satisfied (number of respondents)
<i>Innovation Connections service</i>	
Innovation Connections Facilitation	89 (181)

Notes: Per cent of respondents who were satisfied or very satisfied with the reports/plans received as part of the IC service.

Source: (ORIMA Research, 2017)

More recent final reports from Innovation Connections participants show a very high level of satisfaction with the services received from the program. The overwhelming majority indicate a high or very high value to their business, and were likely to recommend the service to other businesses (Table 5.28)

Table 5.28: Overall satisfaction with the IC service

Service and grant type	Per cent of respondents (number of respondents)
<i>Innovation Connections service</i>	
Satisfied or highly satisfied with their experience	99 (531)
Satisfied or highly satisfied with their facilitator	99 (531)
Likely or highly likely to recommend to other businesses	99 (531)

Source: Department of Industry, Innovation and Science administrative data

Data availability

The EP Data Strategy Data Gap Analysis for Innovation Connections⁸¹ indicates data available to support 3 out of 9 program outcome KPI measures, with data collection only supporting measures related to engagement with external research before and after service, presumptive access to BLADE data, and customer satisfaction collected through survey and final reporting.

Final Reports for Innovation Connections collects extensive data to assess improved business capability outcomes for participants. However as noted below, the final reports do not capture sufficient business information for a quantitative analysis of business performance.

The EP Data Strategy identifies BLADE as the relevant source of information to evaluate business performance for Innovation Connections participants. Outcomes analysis of administrative data is limited however, as final reports do not capture sufficient business information for an analysis of business performance. For the purpose of this report, the assessment of business performance is based on a small dataset (n=60) of post completion responses from participants in the precursor Research Connections program. It is anticipated BLADE data will be available for a future impact assessment.

Of the 915 grant participants of Innovations Connection who completed their engagement to October 2019, outcomes data from post-service reports (or equivalent) are available from 531 participants.

Data gaps and inconsistencies

Recommendations made and implementation are an important measure to evaluate participant improvements in their ability to address research problems. While Innovation Connections collects recommendation information, until February 2019 this data was unstructured and inconsistently provided by business advisers. This report includes an analysis of recommendation data collected in the SDT post February 2019, however this data is limited to recommendations made, and no data is available regarding the implementation of these recommendations.

⁸¹ (Department of Industry, Innovation and Science, 2019d)

5.4 Incubator Support

In 2018 the Department of Industry, Innovation and Science conducted a post-commencement evaluation of the Incubator Support initiative. This evaluation found that while initial implementation of the initiative has progressed well, there is room for improvement. An extract and summary of the evaluation findings and recommendations are provided in this section.

Program description

The Incubator Support initiative is a measure under the National Innovation and Science Agenda⁸² (NISA). The initiative was announced in December 2015 and was formally launched by the Minister in September 2016. The design of the initiative was later changed to better reflect the Australian Government's focus on regional development. This included lower co-funding requirements for regional activities and the establishment of Regional Incubator Facilitators (RIFs). At the same time, a public data outcome was added through the transfer of the DataStart initiative from the Department of the Prime Minister and Cabinet (PM&C) to the Department. The initiative was re-launched in December 2017 with new program guidelines that reflected changes to the program design.

Incubator Support provides grant funding to incubators — business support organisations that help nurture innovative start-up firms by providing services such as seed funding, co-location, mentoring and access to networks.

The stated objectives of the initiative are to assist Australian start-up firms to develop the capabilities required to achieve commercial success; and develop Australia's innovation ecosystem, including in regional areas.

The initiative has two components:

- Expert in Residence (EIR), which provides incubators with grants of up to \$100,000 for the secondment of national or international experts.
- New and Existing Incubators (NEI), which provides grants of up to \$500,000 to help develop new incubators, boost the effectiveness of high performing incubators, or encourage incubators to work with data-driven start-ups.

Summary findings

Box 5.8: Incubator Support summary of findings

Incubator Support outcomes

Participants appear to be benefitting from program access.

- Early reporting suggests participants are benefitting from access to presentations, workshops and mentoring sponsored by the incubators

Referrals and connections are likely to extend and deepen networks

- Incubators are actively facilitating network expansion, with one incubator connecting almost three quarters of participants to new business networks

⁸² (Department of Prime Minister and Cabinet, 2015)

Anecdotal evidence suggests businesses are seeing performance improvements

- Improved performance is anticipated, and anecdotal reports suggest participants are engaging additional staff and attracting new investment

Participants appear to have gained traction in international markets

- Incubators have supported discussions leading to buyers meetings, collaborations, negotiations, trials, sponsored marketing trips, venture capital and purchase orders

Participants satisfaction is not currently captured

- Customer satisfaction information is not yet available for Incubator Support

Data sources

The Monitoring Evaluation of Incubator Support included a post commencement evaluation in 2018. The evaluation employed a mixed-methods approach, which included desktop literature review, stakeholder interviews (28 in total), and a survey of successful and unsuccessful applicants (64 applicants were contacted, with 20 responding to the survey).

Firm-level data are not collected for Incubator Support, as the grantees are incubators and the start-ups they serve do not report direct to the program.

Inputs and outputs below were collected as at 30 June 2019 for this report.

Inputs

Inputs to the Incubator Support element from commencement in December 2015 to June 2019 are summarised in Table 5.29.

Table 5.29: Incubator Support inputs (as at 30/06/2019)

Input	Metric
Total grant amount approved	\$20 million
Total cost of providing Regional Incubator Facilitator services	\$0.7 million
Total business contribution (at least) ⁸³	\$18 million
Total project value	\$38 million
Level of business co-investment for every grant dollar	\$0.90

Source: Department of Industry, Innovation and Science

⁸³ Based on matched funding of 50% for metropolitan projects and 65% for regional projects.

Outputs

Outputs from the Incubator Support element from commencement in December 2015 to June 2019 are summarised in Table 5.30.

Table 5.30: Incubator Support outputs (as at 30/06/2019)

Output	Metric
Applications considered	
New and Existing Incubator (NEI)	125
Expert In Residence (EIR)	139
New and Existing Incubator Grants approved	41
Discrete incubators approved for at least one NEI grant	40
Discrete incubators approved for more than one NEI grant	1
Average grant amount	\$405,943
Average grant duration	20 months
Start-ups supported (estimated)	Up to 1,000
Number of projects in regional locations	14
Expert in Residence Grants approved	81
Discrete incubators approved for at least one EIR grant	54
Discrete incubators approved for more than one EIR grant	19
Average grant amount	\$36,979
Average grant duration	5.8 months
Experts seconded	138
135 experts seconded into Australian incubators	
42 seconded from countries including: USA; UK; Israel; Singapore; China; Malaysia; Spain; Netherlands; India; Turkey; Germany; Sweden; North America; Bosnia and France.	
3 Australian experts seconded to overseas incubators located in the US, Spain, Belgium and Singapore.	
Discrete incubators approved for both an NEI and EIR grant	15

Source: Department of Industry, Innovation and Science

Funding for EIR and NEI projects is concentrated in NSW (Table 5.31), with funding in some form going to all states and territories except Tasmania.

Table 5.31: Incubator Support funding (and number of projects) by component and jurisdiction

Applications	EIR	NEI	Total
NSW	\$943,688 (20)	\$6,022,849 (16)	\$6,966,537 (36)
VIC	\$690,910 (21)	\$2,597,125 (6)	\$3,288,035 (27)
QLD	\$601,461 (17)	\$1,790,474 (5)	\$2,391,935 (22)
WA	\$484,775 (17)	\$732,250 (2)	\$1,217,025 (19)
ACT	\$75,000 (2)	-	\$75,000 (2)
NT	\$100,000 (1)	\$500,000 (1)	\$600,000 (2)
SA	\$99,475 (3)	\$2,195,705 (5)	\$2,295,180 (8)
TAS	-	-	-
Multiple States	-	\$2,805,285 (6)	\$2,805,285 (6)
Total	\$2,995,309 (81)	\$16,643,688 (41)	\$19,638,997 (122)

Source: Department of Industry, Innovation and Science

The 41 new and existing incubator projects are distributed between metropolitan and regional areas (Table 5.32)

Table 5.32: New and existing incubators – metropolitan and regional projects

Location	Number of projects	Value of projects
Metropolitan projects	25	\$9.9 million
Regional projects	14	\$6.0 million
Both metro and regional projects	2	\$0.7 million

Source: Department of Industry, Innovation and Science

Outcomes

Incubator Support outcomes are discussed below against the programme outcomes, drawn from the post commencement evaluation.

Participants appear to be benefitting from program access

Early reporting from the Incubator Support initiative suggests that start-ups participating in incubator-sponsored activities benefited from access to presentations, workshops and one-on-one mentoring, accessed via Expert-in-Residence grants to recipient incubators.⁸⁴ Case studies and, should it become available, reporting from beneficiary start-ups themselves, will need to be undertaken and analysed if more detailed information on the impact of such services on start-up capabilities is to be obtained.

Referrals and connections are likely to extend and deepen networks

Early results from Incubator Support suggest that many start-ups are likely to establish or deepen their networks as a result of the referrals and connections made to them.

The Incubator Support initiative also delivered network opportunities for its participants. Around 74 per cent of start-up participants in one incubator were reported as having been connected to new business networks. Another incubator assisted all its teams to exit the program with a significantly larger network of local, national and international connections. During the course of the program, participants were reportedly introduced to over 50 supporters with links to three countries.⁸⁵

Anecdotal evidence suggests businesses are seeing performance improvements

Data (including performance metrics) relating to the start-ups participating in Incubator Support-funded activities are not currently reported direct to the program by Incubator Support grantees, although indicative data and anecdotal evidence have been made available to program managers. A number of start-ups participating in activities under the Incubator Support element appear to have demonstrated performance improvements. One Expert-in-Residence project reported that during its six months of operation, participating firms had created 26 new full time and 20 new part time jobs and had received over \$3 million in new investment to support scale-up and exports.⁸⁶

Participants appear to have gained traction in international markets

Start-ups participating in Incubator Support activities appear to have gained traction in international markets. As at November 2019, 23 projects had been completed under the Incubator Support Initiative: two New and Existing Incubator projects and 21 Expert-in-Resident projects.

The results appear strong. Together, the projects were reported have assisted start-ups to access new international clients or sales and to have supported discussions leading to foreign buyers

⁸⁴ (Department of Industry, Innovation and Science, 2019h)

⁸⁵ (Department of Industry, Innovation and Science, 2019h)

⁸⁶ (Department of Industry, Innovation and Science, 2019h)

offering meetings, collaborations, negotiations, trials, sponsored marketing trips, venture capital or purchase orders (Table 5.33).

Table 5.33: Examples of international activities of start-ups participating in Incubator Support activities

Examples of assistance provided:

- 6 start-ups from one incubator assisted to access new international clients or sales
- 20 start-ups from another incubator assisted to scale into the New York market
- Start-ups assisted to 'go global from day one'
- High quality, investible international health-related start-up companies assisted by another incubator to develop, launch and scale
- 28 expert secondments with international experience secured across the completed incubator projects, including 10 from overseas

Examples of results reported:

- 3 start-ups of one incubator secured international clients and are now operating in foreign markets
- Other start-ups engaged in conversations exploring international opportunities for expansion, met supporters with links to other countries
- Nine start-ups participated in an international mission to Silicon Valley, growing their global connections and (for some) securing MOUs, sales or EOIs as a result

Source: (Department of Industry, Innovation and Science, 2019h)

Participants satisfaction is not currently captured

The ORIMA survey did not include Incubator Support participants or their client start-ups. Customer satisfaction information is not yet available for that element of the Entrepreneurs' Programme.

Data gaps and inconsistencies

The post commencement evaluation made several findings related to the assessment of performance. The first was that data collection would be improved if grantees were fully aware of requirements and templates aligned with agreed data collection needs (finding 4.1), the second that indicators need to be reviewed to ensure alignment with program objectives and outcomes (finding 4.2), and the third that the incubator model creates some challenges for assessing performance (finding 4.3).⁸⁷ The recommendations arising from these findings were all accepted by management, and concurrent work undertaken to review and update the program logic and data matrix.

⁸⁷ (Department of Industry, Innovation and Science, 2019h)

6. Robustness of data collection methods

A key focus of this Monitoring Evaluation has been to assess the robustness of the EP outcome data collection methods and practices ahead of the EP impact evaluation.

The three main phases of EP outcomes data that were proposed in the EP Data Strategy are shown in Table 6.1. The EP Data Strategy proposed that outcomes data be captured through a range of channels including standard service documentation and smart forms, customised tax data from the ABS through BLADE; and annual AusIndustry Customer Satisfaction Surveys.

The specific KPIs, measures, collection timeframes and proposed data sources for each EP program element outcome were outlined in the Outcome measurement frameworks. This framework was developed as part of the EP Data Strategy and is shown in Appendix C.

Table 6.1: EP Outcomes data model summary

Phase	Baseline	Implementation	Post Service
Focus areas	Business gaps and/ or opportunities and provision of advice/ grants	Actions to implement change in the business	Embedded change resulting in business improvements
Service documents used to collect data	Action plans, facilitation reports and grant funding agreements.	Implementation reports, grant progress and final reports	Post service reports (smart forms).
Collection timing	Before or at commencement of service delivery	During or at the end of the delivery of the service.	12 months after the end of the service.

Source: (Department of Industry, Innovation and Science, 2016b)

This evaluation explored the robustness of the EP outcome data collection by considering the following questions:

1. **Coverage** – Are there sufficient and appropriate KPI measures to measure progress against the EP program and element outcomes?
2. **Quality** – Is the data that is collected complete, accurate, consistent and timely?
3. **Discoverable** – Can the data be easily extracted, analysed and reported on?

Key findings and recommendations against each of these questions are discussed below.

While data collection in the Entrepreneurs' Programme has improved over time, the EP Data Strategy has yet to be fully implemented and greater prioritisation of efforts to enhance data coverage, quality and discoverability is required ahead of the impact evaluation

The 2017 post-commencement evaluation of the Entrepreneurs' Programme identified multiple gaps in the design and collection of program data. The evaluation found (among other things) that mechanisms were not in place to facilitate robust performance measurement, placing at risk the ability to assess the program's efficiency, outcomes and impact.⁸⁸

⁸⁸ (Department of Industry, Innovation and Science, 2017a)

Despite the complexity of the data systems supporting the different elements of EP, progress has been made towards implementation of the Data Strategy. Systems are being integrated, and a single Data Steward has been appointed.

Element level data Gap Analyses assessing progress against the Outcomes Measurement Frameworks have been recently undertaken for AC, BM and IC to assess data quality and comprehensiveness and to identify remaining gaps.

While progress has been made since the post commencement evaluation in implementing the Data Strategy, key aspects of the strategy have yet to be fully implemented and further efforts to improve EP data collection practices are required ahead of the impact evaluation.

Critical gaps remain in outcome related datasets that should be addressed prior to the impact evaluation

The recent data Gap Analyses conducted for the three original EP elements revealed multiple remaining gaps and errors in the administrative datasets. The summary findings from the gap analyses are outlined in Table 6.2 below.

The gaps identified in these analyses have permanently affected the ability to track outcomes for those firms whose program engagement has ceased or is approaching cessation. Data collected early in the program are, of course, more affected than later data, making the analysis of the program's early outcomes and impact more difficult.

Table 6.2: Summary findings from the element level Gap Analyses

Element	Summary findings	Key gaps by KPI measures
AC	The data available for AC supports 4 out of 9 of the program outcome KPI measures – defined under the EP Data Strategy. However, the majority of the data gaps in building the agreed KPI measures relate to lack of data capture in the engagement stages between Expression of Interest (EOI) to a successful AC grant application	<ul style="list-style-type: none"> Ratio of Participants who receive an IP commercialisation suggested action to those who implement them Change in commercialisation capability as a result of the service Difference in proportion who commercialised IP before service, to proportion who commercialised IP during and after service Difference in number of investment offers or interested investors before service, to number of investment offers or interested investors during and after service (by number and value) Percentage of Participants that progressed an introduction or referral
BM	The data available for BM supports 7 out of 9 of the program outcome KPI measures - defined under the EP Data Strategy framework. However, EP can further improve the way data is collected, stored and utilised to enhance the quality of insights from the data	<ul style="list-style-type: none"> Change in Participants operational and / or strategic management capability Percentage of participants who successfully achieved their identified growth opportunities

Element	Summary findings	Key gaps by KPI measures
IC	The current data available supports 5 out of 7 measures to build the KPIs as defined under the EP Data Strategy ⁸⁹	Change in capability engaging with researchers as a result of: - service if just ICF; project if do ICG Percentage of Participants introducing new products, processes or services (post project)

Source: Element gap analyses

This evaluation also identified additional element specific gaps in data availability that were not highlighted in the Gap Analyses:

- Baseline values for capability for participants in Growth Services within Business Management are collected in order to compare to what is required to exploit a growth opportunity, however this material is not structured for analysis. End of engagement form includes related questions but is also not structured for impact analysis.
- New market access, or deepened market access for Supply Chains participants in Business Management is sometimes collected in final reports but not structured for analysis.
- Revenue due to specific market or supply chain activity for Supply Chains participants in Business Management is sometimes collected in final reports but not structured for analysis. The current version of the end of engagement report introduces market access information and work is underway to examine how it may be extracted and structured for analysis.

Recommendation 1: Update the EP Data Strategy prior to the end of the 2019/20FY, and prioritise the implementation of recommendations from the element level Gap Analyses, and ensure that necessary changes are cascaded to service delivery documents and practices

Some of the outcome measures rely on indirect proxy measures could be augmented with other measures

Some of the EP element outcomes outlined in the updated EP Outcomes Measurement Framework (Appendix C) are reliant on proxy measures to assess progress. Many of these proxy measures only allow change to be inferred rather than directly observed or validated. Some of the current element outcomes that rely on proxy measures to measure are outlined in Table 6.3 below.

⁸⁹Further consideration of IC data availability by the EP policy and program teams subsequent to the IC Gap Analysis noted that current available data supports the measurement of **3 out of 9 measures**. This revised assessment takes into that : the ICT and Technology & Knowledge Facilitations would be counted as in scope, and note that this service was transferred to BM in 2018; the data items 'count of research recommendations made/ implemented' are not available retrospectively (noting that they were implemented from February 2019); the measure 'Difference in proportion who had engaged external research before service, to proportion who had engaged external research during and after service' informs two different KPIs in the IC data matrix; the Gap Analysis treats two measures as one for the KPI 'Satisfaction levels amongst participants with the service they received'.

Table 6.3: Element outcomes that are reliant on proxy measures

EP Outcome/Element	Element outcome	Measure
Improved business capability		
AC	Participants improve their ability to commercialise intellectual property	Ratio of participants who receive an IP commercialisation suggested action to those who implement them
BM	Participants improve their management skills	Ratio of participants who receive a management capability recommendation to those who implement it
IC	Participants improve their ability to address research problems	Difference in proportion who had engaged external research before service, to proportion who had engaged external research during and after service
Effective business, research and commercialisation networks		
AC	Participants extend their networks to accelerate their commercialisation process	Percentage of participants that progressed an introduction or referral
Effective business, research and commercialisation networks		
IC	Participants extend their networks to leverage research capability	Difference in proportion who had engaged external research before service, to proportion who had engaged external research during and after service

Source: (Department of Industry, Innovation and Science, 2016b) (Appendix A)

Several of the measures related to the *Improved Business Capability* program outcome are framed around the number and proportion of capability related recommendations that a participant adopts, rather than any direct changes in business capability (self-reported or observed). This particular issue is further compounded by a lack of consistent practices around how capability related recommendations are defined.

The rationale for including proxy measures such as the proportion of recommendations implemented in the Outcomes Measurement Framework was that they would reflect areas of business need and the uptake of advice that is tailored to these needs. This would in turn enable an assessment of the effectiveness of program services against business performance trends

While this evaluation notes the unique capability needs of each EP participant, the challenges of identifying appropriately direct measures, and the reporting impost on participating businesses – there is a strong argument for introducing additional measures that capture changes in participants that can be directly observed and measured over time (e.g. the presence of strategic plans for BM participants and the use of commercialisation strategies for AC participants).

Recommendation 2: Element outcomes that currently rely on indirect proxy measures (e.g. implementation of Adviser/ Facilitator recommendations as a measure of improved business capability) should be augmented with additional measures

There are a range of other issues that are impacting data quality

This evaluation found that a range of issues are impacting data the completeness, accuracy, consistency and timeliness of EP outcomes data:

- **Data collection lacks consistency across the four program elements** – The basic data needed to track some outcome KPIs is not consistently defined and routinely collected as a firm enters and exits the program. Even within program elements, data inconsistencies arise. In some cases, terms are not clearly defined, or may be interpreted differently by different individuals completing reports. In Business Management, for example, ‘use of recommendations’ is not clearly defined, resulting in the possibility of inconsistent application by different business advisers.
- **Some self-reported data items lack validation** – While business advisers and facilitators validate data for selected services, much of the EP outcomes data is self-reported by participants. Where it is possible to validate data, or clarify the definition of reporting items, this should be done. Business advisers and facilitators, who often assist program participants to complete program documentation, are an obvious channel for this.
- **Yes/no answers provide little insight into the nature or magnitude of outcomes reported** – Outcome achievement is generally incremental rather than binary. The option of a yes/no answer in a report provides little opportunity for a program participant to report the nature or magnitude of a change, such as whether networks were expanded. A better option would be a yes/no answer followed by a categorisation of extent or stage (e.g. as is currently used to categorise commercialisation in AC), further followed by the opportunity to provide a text-based explanation.
- **Assessment of business capability by advisers is not consistent** – Advisers and facilitators are called upon to assess, or comment on, various aspects of capability for programme participants across several services. The collection of this information is critical to assess progress against several program outcomes – particularly improved business capability. Without consistent guidance or frameworks though, these observations are not comparable across time, between businesses, or between advisers and facilitators. Adopting the management capability indices developed by OCE⁹⁰ and the greater standardisation of tools that will result from the recent BI, Applications and Tools Review could all significantly improve the quality of capability data.
- **Program wide satisfaction data is out of date** – The EP Data Strategy assumed that AusIndustry Customer Satisfaction Surveys would be delivered annually and include a sample of EP. These annual surveys have not occurred. The last (and only) EP specific satisfaction survey was conducted by ORIMA in 2017. While a short online Voice of the Customer survey was introduced in early 2019, this currently only covers participants accessing some BM services. The gap in timely program wide satisfaction data will likely pose challenges for the impact evaluation if not rectified.
- **The lack of provision for longer term follow-up precludes direct assessment of longer-term outcomes and outcome sustainability** – At present, a firm’s reporting obligations under the Entrepreneurs’ Programme typically cease 12-18 months post service. While this is consistent with the government’s and Department’s commitment to minimise the administrative burden on program participants, it means that the post-service trajectory of participating businesses cannot readily be tracked. This in turn limits the ability to assess the

⁹⁰ (Department of Industry, Innovation and Science, 2019e)

effectiveness of the program in delivering longer term outcomes and to test the sustainability of those outcomes.

Recommendation 3: Schedule periodic data quality health checks at least until the impact evaluation

Recommendation 4: Apply more consistent definitions and business rules around the collection of data for KPIs

Recommendation 5: Explore opportunities to efficiently validate self-reported outcomes data

Recommendation 6: Investigate the feasibility of following up participants at annual intervals so that outcome achievement can be more comprehensively assessed

This evaluation encountered significant impediments related to data availability and discoverability – which also pose substantial challenges for ongoing program reporting

The conduct of this evaluation has highlighted a range of issues related to the availability and discoverability of quantitative and qualitative EP outcomes data. These issues include:

- **Multiple channels being used to collect data on the same element KPI** – There are several instances of outcomes data that is collected using different systems or variants of the same system. For example, learning event satisfaction data has been collected using at least ten variants of online surveys. Each variant has different questions, and even employ inverse Likert scales for the same question. This creates unnecessary complexities and inefficiencies and limits the ability measure key outcomes.
- **Critical datasets have been lost** – A variety of important outcomes datasets have been lost or misplaced by the Department since the start of EP. Examples include the unit record level data from satisfaction survey conducted in 2017 by ORIMA and the details of participants that attended EP Learning Events in 2014/15.
- **Critical data is not stored in central systems** – Due to current system limitations, a substantial amount of important administrative data is generated and stored in Excel workbooks. This limits the accessibility, accuracy, sustainability and linkability of key datasets.
- **Important qualitative data could not be readily extracted from program records for analysis** – As highlighted in the element gap analyses a substantial amount of qualitative outcomes data collected from program participants or generated by advisers and facilitators through routine reporting is not readily accessible for analysis. Tools to facilitate the extraction and analysis of such information are available and should be used.

The above issues also pose substantial challenges for ongoing EP reporting and analyses, which is currently characterised by labour intensive and highly manual data extraction and collation processes.

This evaluation notes the substantial challenges since the inception of EP that have been posed by multiple changes in the systems used to capture administrative data (e.g. the transition from SGMS to the CRM) and the various mid-stream changes in program design which created breaks or inconsistencies in datasets.

Recommendation 7: Standardise data collection practices wherever possible and practical across elements and sub-elements

Recommendation 8: Substantially increase efforts to improve data discoverability and accessibility. This will also have immediate and positive flow on implications for ongoing program reporting and analysis

7. Readiness for impact evaluation

Delaying the impact evaluation until the 2020-21 financial year will substantially strengthen the available evidence base – assuming that the data issues identified in this report are adequately addressed

There are a number of compelling reasons for delaying the impact evaluation until the 2020-21 financial year. These include:

- **Sufficient BLADE data will be available to facilitate a reasonably robust counter-factual analysis** – By 2020-21, three financial years of BLADE data following EP's 2015-16 introduction should be available to support the counterfactual analysis that will constitute a critical element of the impact evaluation (Section 3.4).
- **The critical data coverage, quality and discoverability issues highlighted in this evaluation will take time to address** - As noted in Section 6 above there are a number of significant issues related to data coverage, quality and discoverability that will hamper the conduct of the EP evaluation if they are not addressed. Of these issues, data discoverability posed the largest challenges for the conduct of this evaluation.
- **There will be sufficient time to bolster the impact evaluation evidence base** – The Department will require a reasonable lead time to undertake or commission work to fill critical gaps in the impact evaluation evidence base. Examples of the types of additional work that may be required include additional case studies, post service follow up surveys, and a more recent program wide satisfaction survey.
- **More and better quality data will be available for IS** - The Incubator Support initiative – the most recently introduced element of the program – will have had four years of operation and the higher quality data will be available pending the implementation of the data related recommendations in the IS Post Commencement evaluation (Section 5.4 on page 82).

Lessons from this evaluation highlight the need to commence planning now for the impact evaluation

Planning for this Monitoring Evaluation commenced in mid-2017 with the establishment of an Evaluation Reference Group. A substantial number of data related projects were commissioned to support the evaluation which all took time to commission and complete.

Given the complexity of EP, and the current state of EP outcomes data it will be vital for the Department to commence planning for the impact evaluation as soon as possible.

This evaluation recommends the establishment of an impact evaluation working group that reports to a GM level evaluation reference group. Initial work that this group could lead, support or oversee include:

- Developing the terms of reference for the impact evaluation
- Updating the EP data strategy
- Implementing recommendations from this evaluation, data related recommendations from the IS post commencement evaluation and the recommendations from the element level Gap Analyses
- Commissioning projects required to fill critical gaps in the impact evaluation evidence base

Recommendation 9: Scheduled impact evaluation for no earlier than 2020-21

Recommendation 10: Establish an impact evaluation working group as a matter of priority

Recommendation 11: Identify and commence work to remediate critical gaps in the evidence base required to support the EP impact evaluation

Recommendation 12: Conduct EP wide surveys of participants to capture satisfaction and other outcomes data as per the EP Data Strategy

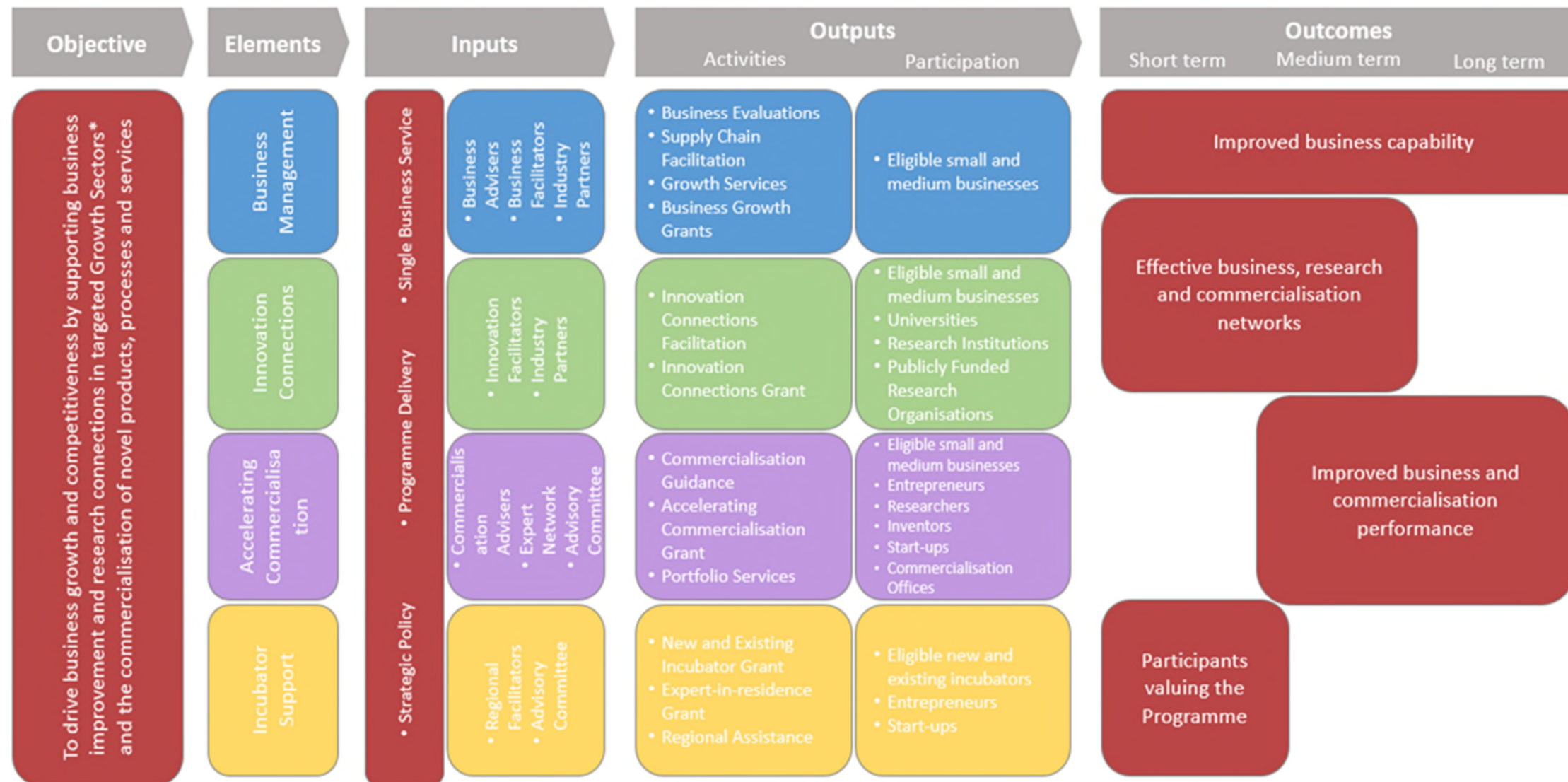
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Appendix A Program logic models

A.1 Entrepreneurs' Programme program logic



Situation:

- Australian businesses rank poorly compared to other countries in the Organisation for Economic Co-operation and Development (OECD) in several areas that underpin business growth and competitiveness. Critical areas of underperformance include low levels of collaboration on innovation, poor innovation culture, and poor business management skills.
- Small and medium businesses within Australia may lack the information or networks required to improve in these areas. They may also lack awareness of what is required to make these improvements, such as consultancy or research services available.
- Whilst some capability improvements may be driven through competition, it is widely accepted that many of Australia's industries lack competitive pressures found in other advanced economies. Australia's relatively weak integration with the global economy also poses difficulties for businesses trying to access or be involved in domestic and international supply chains.
- The Entrepreneurs' Programme therefore aims to enhance business research collaboration, innovative entrepreneurship and commercialisation and business capability and capacity; to create strong and self-reliant Australian businesses that compete in a global environment, through the provision of advice and facilitation services and limited grant assistance.
- In order to achieve critical mass and national impact in the Australian economy, the Programme targets support to small and medium businesses in identified Growth Sectors within the Industry Portfolio: advanced manufacturing; food and agribusiness; medical technologies and pharmaceuticals; mining equipment, technology and services; oil, gas and energy resources; tourism as well as enabling technologies and services that support these sectors.

* Advanced manufacturing; food and agribusiness; medical technologies and pharmaceuticals; mining equipment, technology and services; and oil, gas and energy resources.

Assumptions:

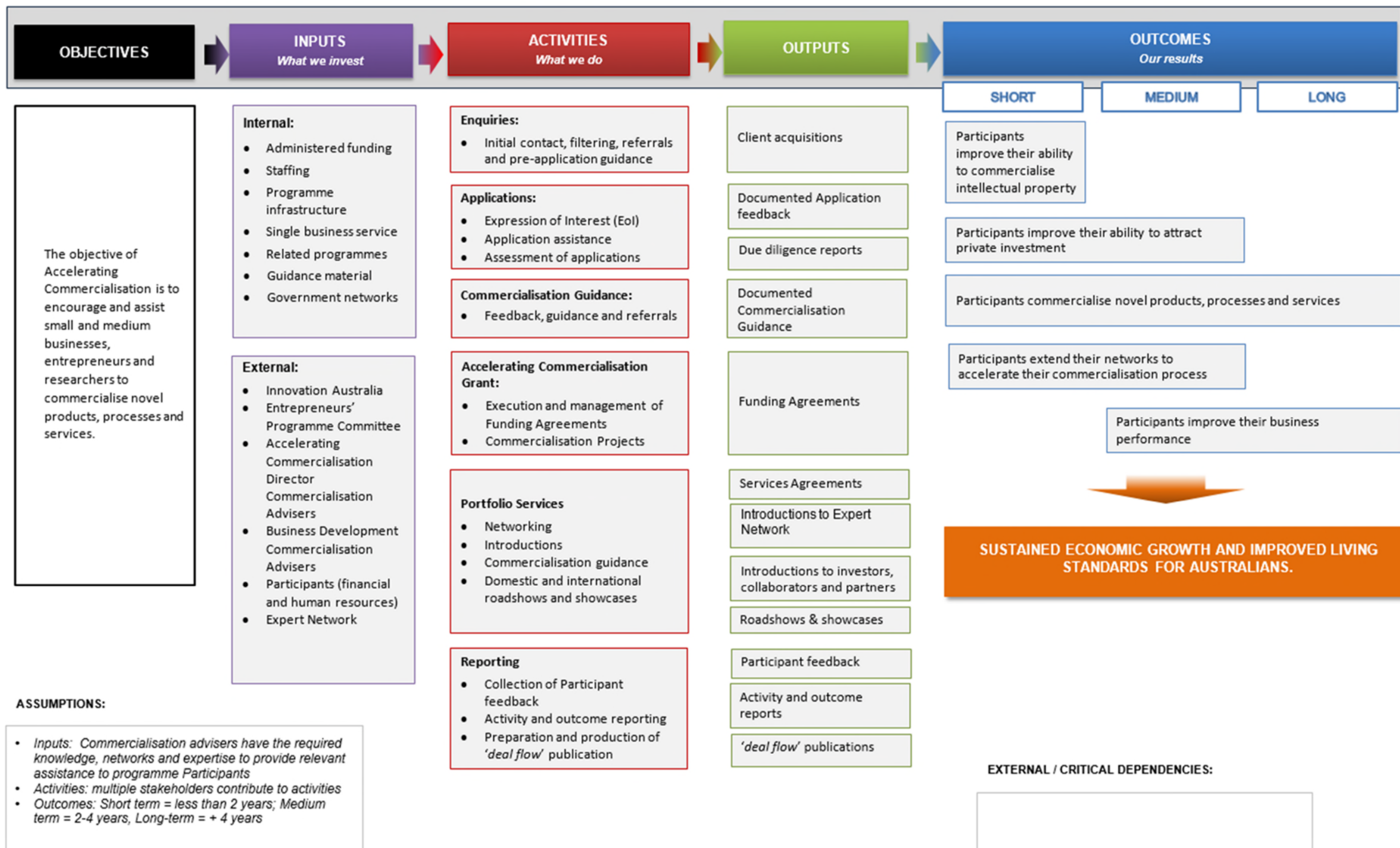
- Australian businesses require facilitated access to advice and networks.
- Industry Partners, advisers and facilitators have the required knowledge, networks and expertise to provide relevant assistance to Programme participants.
- The Programme's sectors and businesses are appropriately targeted.

External Factors:

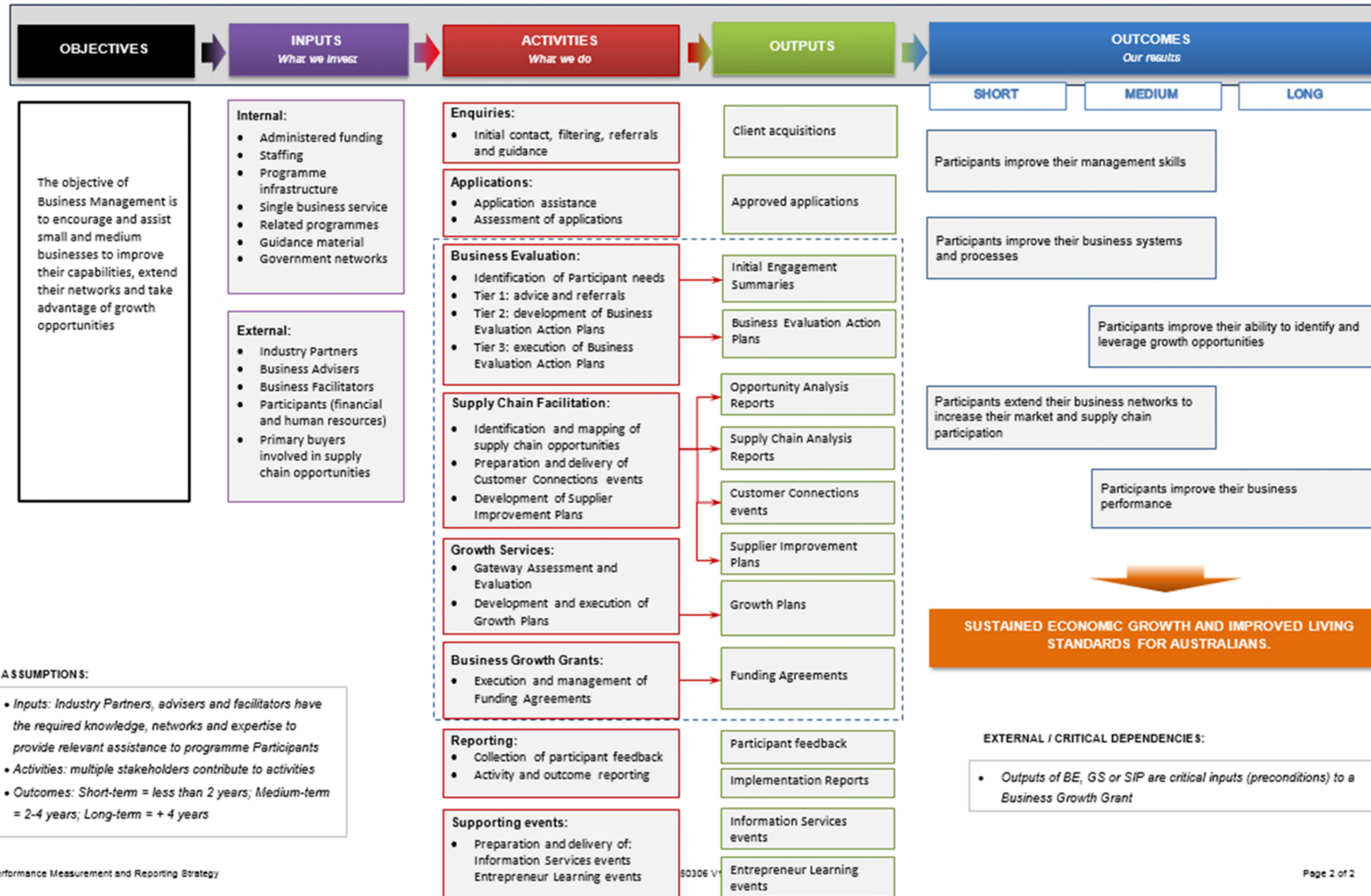
- Economic and business conditions will influence firm performance.
- External sources could impact on brand and recognition of the Programme or department.



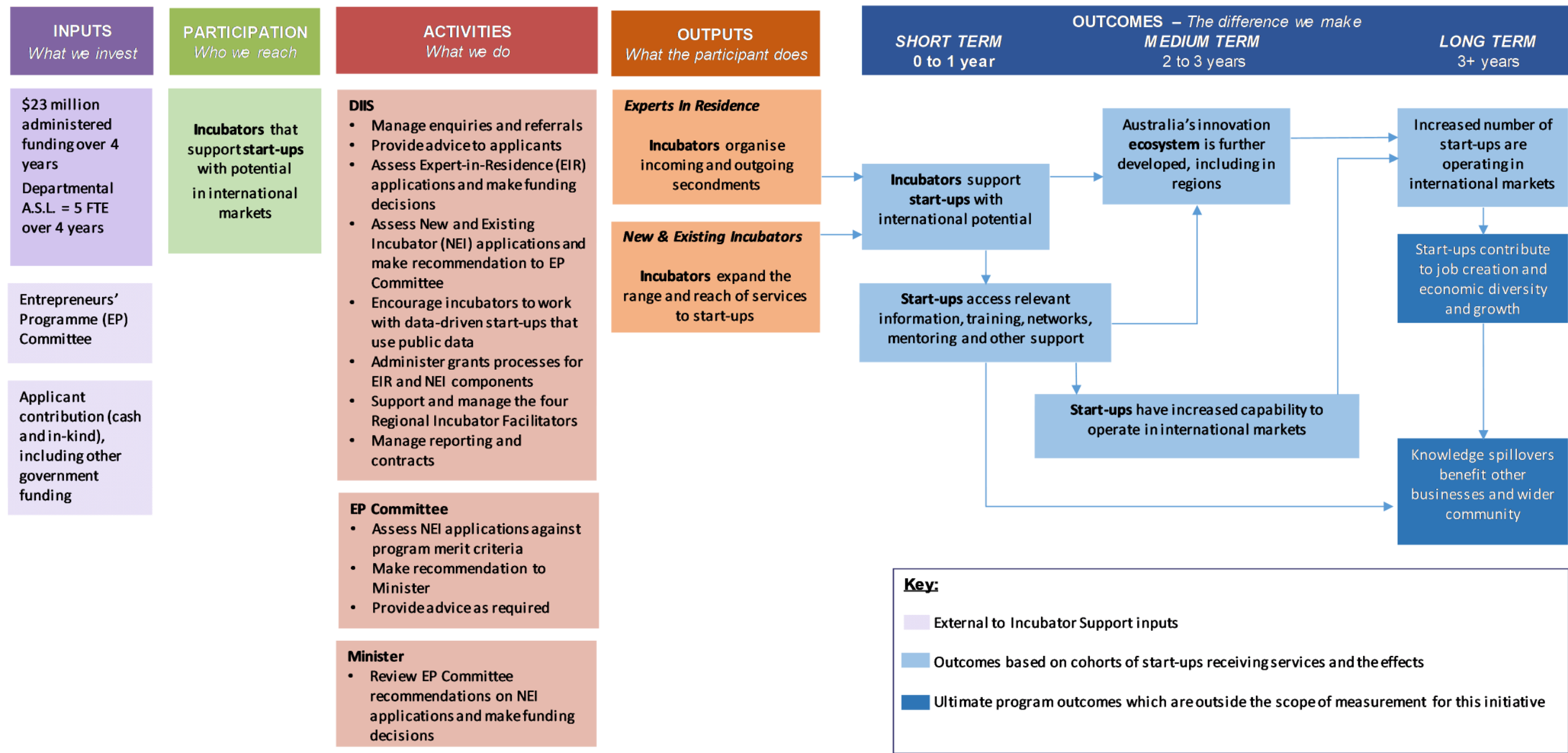
A.2 Accelerating Commercialisation program logic



A.3 Business Management program logic



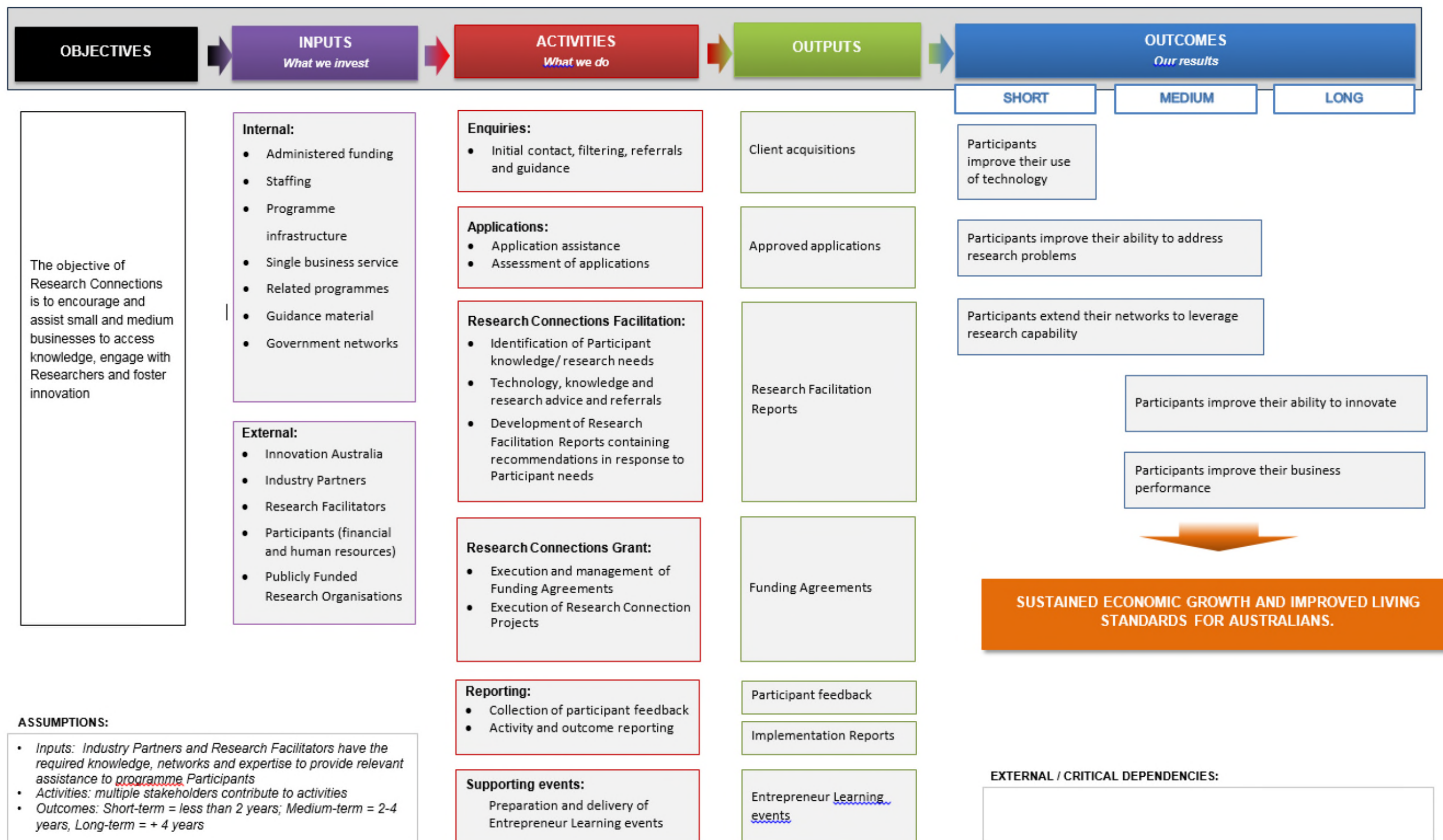
A.4 Incubator Support program logic



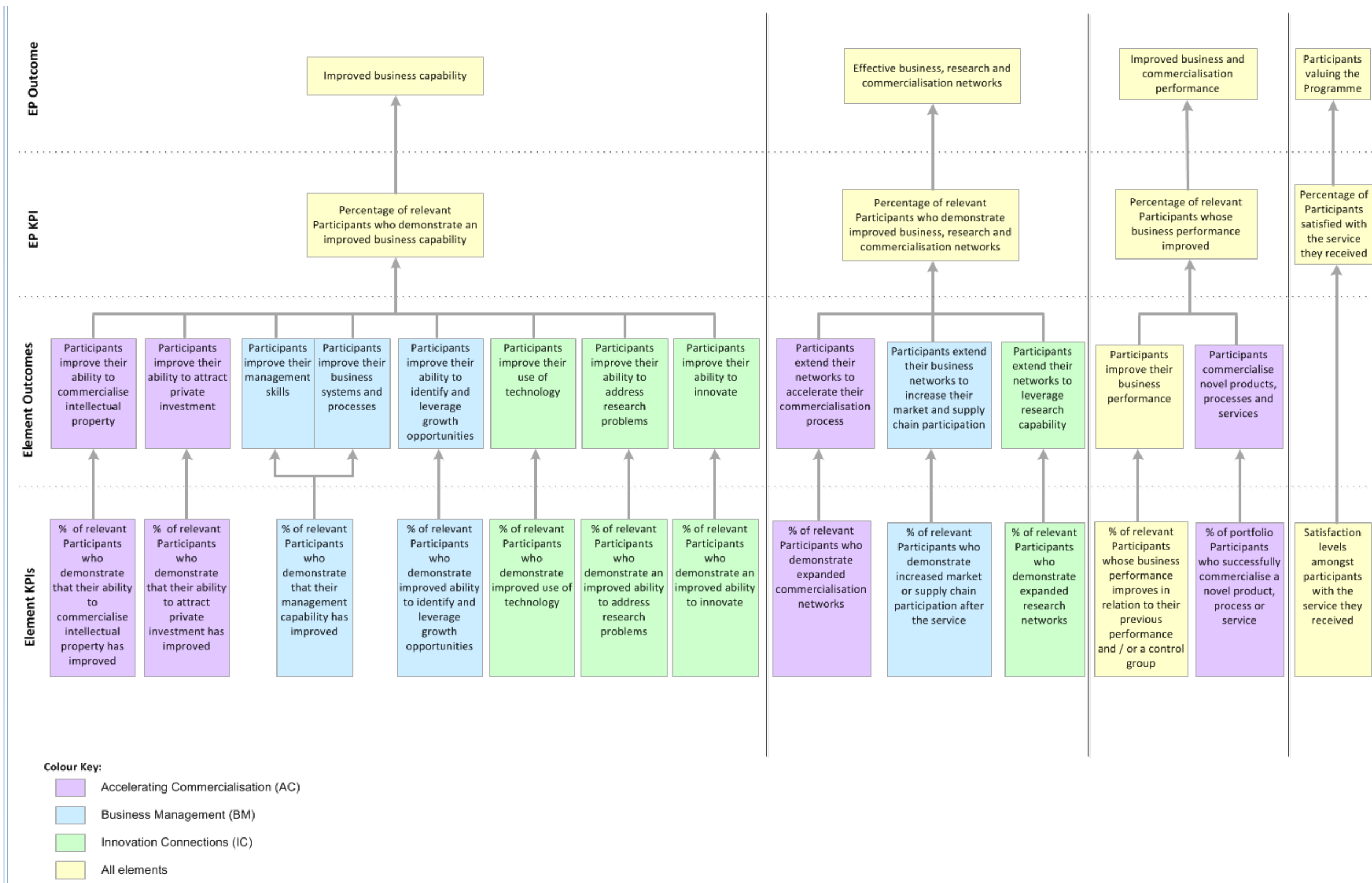
- Assumptions:**
- Incubators are an appropriate intermediary mechanism for supporting internationally-focussed start-ups
 - DIIS attract sufficient demand (numbers, quality, location, sector) from target incubators for grant funding
 - Incubators attract sufficient demand (numbers, quality, international focus) from target start-ups
 - Knowledge, skills, connections and support gained by start-ups contribute to increased capability in international markets
 - Increased start-up survival, growth and success contribute to job creation, economic diversity and growth

- External factors:**
- The state of the international economy in the relevant sectors
 - Region-specific factors: actions of major employers, governments and environmental factors could impact anticipated outcomes
 - The cost of borrowing (interest rate)
 - The foreign exchange rate (Australian dollar)

A.5 Innovation Connections program logic



Appendix B Program and element level KPIs



Appendix C Outcome measurement frameworks

C.1 Accelerating Commercialisation

*Collection timeframe

Prior = This data is collected before the service commences

During = This data is collected at a milestone during the delivery of the service

End = This data is collected at the end of the delivery of the service or grant

Post = This data is collected 12 months after the end of the service or grant

EP Outcome	AC Participant Outcome	KPI	Measure	Data to be collected	Collection timeframe*	Proposed data source	Who or how the data source is collected
Improved business capability	Participants improve their ability to commercialise intellectual property	Percentage of portfolio Participants who demonstrate that they have improved their ability to commercialise intellectual property	Ratio of Participants who receive an IP commercialisation suggested action to those who implement them	Count of suggested actions provided to improve IP commercialisation	During	Progress Reports	Commercialisation Adviser
				Count of suggested actions implemented to improve IP commercialisation	During / End	Progress Reports / End of Project Report	Commercialisation Adviser / Participant
			Change in commercialisation capability as a result of the service	Level of Participant capability commercialising IP (improved, stayed the same or fell)	During / End	Progress Report	Commercialisation Adviser / Participant
			Difference in proportion who commercialised IP before service, to proportion who commercialised IP during and after service	Count of Participants that successfully commercialised IP before service (achieved a financial outcome)	Prior	Application form	Commercialisation Adviser / Participant
				Count of Participants that commercialised IP during service (achieved a financial outcome)	During	Progress Report	Commercialisation Adviser / Participant
				Examples of Participant continuing or undertaking a new commercialisation project after completion of the grant (achieved a financial outcome)	Post	Post Service Report	Participant
	Participants improve their ability to attract private investment	Percentage of portfolio Participants who demonstrate an improved ability to attract private investment	Difference in number of investment offers or interested investors before service, to number of investment offers or interested investors during and after service (by number and value)	Number of investment offers or interested investors (include value where known) before service	Prior	Application form	Commercialisation Adviser / Participant
				Number of investment offers or interested investors (include value where known) during service	During	Progress Report	Commercialisation Adviser / Participant
				Number of investment offers or interested investors (include value where known) after service (include examples)	Post	Post Service Report	Participant

EP Outcome	AC Participant Outcome	KPI	Measure	Data to be collected	Collection timeframe*	Proposed data source	Who or how the data source is collected
			Difference in proportion who attracted professional private investment before service, to proportion who attracted professional private investment during and after service (by number and value)	Count of Participants that attracted private sector investment (including value) before service	Prior	Application form	Commercialisation Adviser / Participant
				Count of Participants that attracted private sector investment (including value) during service	During	Progress Report	Commercialisation Adviser / Participant
				Count of Participants that attracted private sector investment (including value) after service (Examples required)	Post	Post Service Report	Participant
Effective business, research and commercialisation networks	Participants extend their networks to accelerate their commercialisation process	Percentage of portfolio Participants who demonstrated expanded commercialisation networks	Percentage of Participants that progressed an introduction or referral	Count of introductions or connections made	During	Progress Report	Commercialisation Adviser
				Count of introductions or connections progressed beyond initial meeting	During / End	Progress Report / End of Project Report	Participant
				Count of new commercial relationships established	During / End	Progress Report / End of Project Report	Participant
					Post	Post Service Report	Participant
Improved business and commercialisation performance	Participants commercialise novel products, processes and services	Percentage of portfolio Participants who successfully commercialise a novel product, process or service	Percentage of Portfolio Participants who begin collecting revenue from a novel product, process or service (generate new commercial activity)	<ul style="list-style-type: none"> • Licence sold • First sale • IP sold • Annual revenue generated from IP (incl sales and licensing) • Sale of business • Employee numbers 	During / End	Progress Reports / End of Project Report	Commercialisation Adviser
					Post	Post Service Report	Participant

EP Outcome	AC Participant Outcome	KPI	Measure	Data to be collected	Collection timeframe*	Proposed data source	Who or how the data source is collected
	Participants improve their business performance	Percentage of portfolio Participants whose business performance improves in relation to their own performance or a control group	Change in Participants': <ul style="list-style-type: none"> • total sales • productivity (Total Sales/Wages, Salaries and Other Payments) • export sales • other GST-free sales • gross value added (GVA: Total Sales – Non-capital purchases) • export intensity (Export Sales/Total Sales) 	ABS/ATO Business Activity Statement data for Participants and control group	Annual	ABS Customised Analysis	Customised data and consultancy with ABS (MoA)
Participants valuing the Programme		Satisfaction levels amongst commercialisation guidance and portfolio participants with the service they received	Level of Participant satisfaction and dissatisfaction with: <ul style="list-style-type: none"> • services received (facilitation, advice and guidance) • grants received 	Count of Participants satisfied or dissatisfied with: <ul style="list-style-type: none"> • services received (facilitation, advice and guidance) • grants received 	Annual	AusIndustry Satisfaction Survey	Participant
			Proportion of systemic issues identified through feedback that result in delivery changes	Count of systemic issues identified	Ongoing	Business Improvement Cycle	Programme Management Team
				Count of systemic issues resolved	Ongoing	Business Improvement Cycle	Programme Management Team

C.2 Business Management

*Collection timeframe

Prior = This data is collected before the service commences

During = This data is collected at a milestone during the delivery of the service

End = This data is collected at the end of the delivery of the service or grant

Post = This data is collected 12 months after the end of the service or grant

EP Outcomes	BM Participant Outcomes	KPI	Measure	Data to be collected	Collection timeframe*	Proposed data source	Who or how the data source is collected	
Improved business capability	Participants improve their management skills	Percentage of relevant Participants who demonstrate that their management capability has improved	Ratio of Participants who receive a management capability recommendation to those who implement it (By service, priority, category and impact type)	Count of management capability recommendations made (By service, priority, category and impact type)	During	Supplier Improvement Plan / BE Action Plan / Growth Plan	Business Adviser	
				Count of management capability recommendations implemented (By service, priority, category and impact type)	End	Implementation Report	Business Adviser	
	Change in Participants operational and / or strategic management capability		Baseline Level of Participants operational and / or strategic management capability	During	Supplier Improvement Plan / BE Action Plan / Growth Plan	Business Adviser		
			Level of Participants operational and / or strategic management capability	End	Implementation Report	Business Adviser		
	Participants improve their business systems and processes	Percentage of relevant Participants who demonstrate improved ability to identify and leverage growth opportunities	Change in capability to identify and leverage growth opportunities as a result of service	Baseline level of Participant capability to identify and leverage growth opportunities	During	Supplier Improvement Plan / BE Action Plan / Growth Plan	Business Adviser	
				Level of Participant capability to identify and leverage growth opportunities (improved, stayed the same or fell) after service	End	Implementation Report	Business Adviser	
	Percentage of Participants who successfully achieved their identified growth opportunity		Count of Participants that achieved their identified growth opportunity	End	Implementation Report	Business Adviser		
				Post	Post Service Report	Participant		
	New revenue generated from growth opportunity		End	Implementation Report	Business Adviser			
			Post	Post Service Report	Participant			
	Effective business, research and	Participants extend their business	Percentage of relevant Participants demonstrate increased or deepened market or supply chain participation	Percentage of Participants that have accessed a new or deepened engagement with a market or	Count of Participants accessing a new market or supply chain following the service (by number and value)	End	Implementation Report	Business Adviser / Business Facilitator

EP Outcomes	BM Participant Outcomes	KPI	Measure	Data to be collected	Collection timeframe*	Proposed data source	Who or how the data source is collected
commercialisation networks	networks to increase their market and supply chain participation		supply chain as a result of the service		Post	Post Service Report	Participant
			Percentage of Participants that have increased their revenue or expanded their business from an existing market or supply chain as a result of the service	Count of Participants increased their revenue from an existing market or supply chain as a result of the service (by number and value) Examples increases in employee numbers or expanded operations	End	Implementation Report	Business Adviser
					Post	Post Service Report	Participant
Improved business and commercialisation performance	Participants improve their business performance	Percentage of relevant Participants whose business performance improves in relation to their previous performance and / or a control group	Change in Participants': <ul style="list-style-type: none"> • total sales • productivity (Total Sales/Wages, Salaries and Other Payments) • export sales • other GST-free sales • gross value added (GVA: Total Sales – Non-capital purchases) • export intensity (Export Sales/Total Sales) 	ABS/ATO Business Activity Statement data for Participants and control group	Annual	ABS Customised Analysis	Customised data and consultancy with ABS (MoA)
Participants valuing the Programme		Satisfaction levels amongst participants with the service they received	Level of Participant satisfaction and dissatisfaction with: <ul style="list-style-type: none"> • services received (facilitation, advice and guidance) • grants received • EL and IS events attended 	Count of Participants satisfied or dissatisfied with: <ul style="list-style-type: none"> • services received (facilitation, advice and guidance) • grants received • EL and IS events 	End	AusIndustry Satisfaction Survey	Participant
			Proportion of systemic issues identified through feedback that result in delivery changes	Count of systemic issues identified	Ongoing	Business Improvement Cycle	Programme Management Team
				Count of systemic issues resolved	Ongoing	Business Improvement Cycle	Programme Management Team

C.3 Incubator Support

*Collection timeframe

Prior = This data is collected before the service commences

During = This data is collected at a milestone during the delivery of the service

End = This data is collected at the end of the delivery of the service or grant

Post = This data is collected 12 months after the end of the service or grant

EP Outcome	IS Participant Outcome	KPI	Measure	Data to be collected	Collection timeframe*	Proposed data source	Who or how the data source is collected
Improved business capability	Participants improve their capacity to achieve commercial success in international markets	Percentage of relevant participants who demonstrate improved capacity to achieve success in international markets	Number and type of services offered to participating start-ups by participating incubators	Count of services offered to participating start-ups by participating incubators, by type of service	During	Progress Reports / End of Project Report	Program Management Team
			Number of participating start-ups accessing incubator-supported services	Count of start-ups accessing services offered by participating incubators, by type of service	During	Progress Reports / End of Project Report	Program Management Team
			Change in proportion of start-ups who believe their capacity to achieve commercial success in international markets has increased as a result of participation in incubator-supported activities	Count of start-ups who believe that their capacity to achieve commercial success in international markets has (a) increased, (b) decreased or (c) remained the same as a result of participation in incubator-supported activities	End	Commissioned survey or end-of-engagement questionnaire	Evaluator
Effective business, research and commercialisation networks	Participants extend their business networks to increase their market and supply chain participation and/or their international operations	Percentage of relevant participants who demonstrate increased market or supply chain participation after the service	Percentage of participating start-ups who have accessed or deepened engagement with a network supporting commencement or expansion of international operations as a result of participation in incubator-supported activities	Count of start-ups that have accessed or deepened engagement with a network supporting commencement or expansion of international operations as a result of participation in incubator-supported activities	End	End of Project Report	Program Management Team
	Australia's innovation ecosystem is further developed	Increase in the number, size, industry focus and/or regional diversity of incubators in Australia	Count of incubators operating in Australia, by size, industry focus and location	Count of new and existing incubators participating in the program by size, industry focus and location	Prior, during, end	Service documents Private databases, e.g. <i>Business and Incubation Australia</i> ; <i>The Deal Start-up Guide</i>	Program Management Team; Evaluator

EP Outcome	IS Participant Outcome	KPI	Measure	Data to be collected	Collection timeframe*	Proposed data source	Who or how the data source is collected
				Count of incubators in Australia, by size, industry focus and location	Prior, end	Service documents Private databases, e.g. <i>Business and Incubation Australia; The Deal Start-up Guide</i>	Program Management Team
Improved business and commercialisation performance	Participants improve their business performance	Percentage of relevant participants whose business performance improves in relation to their previous performance and / or a control group	Change in participating start-ups': <ul style="list-style-type: none"> • total sales • productivity (total sales/wages, salaries and other payments) • export sales • other GST-free sales • gross value added (GVA: total sales – non-capital purchases) • export intensity (export sales/total sales) 	Turnover, employment and exports of participating start-ups	Prior, during, end	Service documents	Program Management Team
				ABS/ATO Business Activity Statement data for Participants and control group	Annual	ABS Customised Analysis	EASD
				BLADE analysis	End	BLADE	EASD
Participants value the Programme		Satisfaction levels among participants with the service they received	Level of satisfaction and dissatisfaction of participating incubators and start-ups with: <ul style="list-style-type: none"> • services received • grants received 	Count of participants satisfied or dissatisfied with: <ul style="list-style-type: none"> • services received, by type of service • grants received 	End	AusIndustry Satisfaction Survey	Participant
				Count of systemic issues identified	Ongoing	Business Improvement Cycle	Program Management Team
				Count of systemic issues resolved	Ongoing	Business Improvement Cycle	Program Management Team

C.4 Innovation Connections

***Collection timeframe**

Prior = This data is collected before the service commences

During = This data is collected at a milestone during the delivery of the service

End = This data is collected at the end of the delivery of the service or grant

Post = This data is collected 12 months after the end of the service or grant

EP Outcome	IC Participant Outcomes	KPI	Measure	Data to be collected	Collection timeframe*	Proposed data source	Who or how the data source is collected			
Improved business capability	Participants improve their use of technology ⁹¹	Percentage of Participants who demonstrate improved use of technology	Ratio of Participants who receive an ICT or technology recommendation to those who implement it	Count of ICT or Technology recommendations made	During	ICF Report	Innovation Facilitator			
				Count of ICT or Technology recommendations implemented	End	Implementation Report	Innovation Facilitator			
			Change in Participant capability to make better use of technology as a result of the service	Level of Participant capability introducing new technology (improved, stayed the same or fell)	End	Implementation Report	Innovation Facilitator			
			After the service Participants go on to access new technology without assistance	Examples of participant accessing new technology without assistance	Post	Post Service Report	Participant			
		Participants improve their ability to address research problems	Percentage of Participants who demonstrate an improved ability to address research problems	Ratio of Participants who receive a research recommendation to those who implement it	Count of research recommendations made	During	ICF Report	Innovation Facilitator		
					Count of research recommendations implemented	End	Implementation Report / Funding Agreement	Innovation Facilitator		
				Change in capability engaging with researchers as a result of: - service if just ICF - project if do ICG	Level of Participant capability engaging with Researchers (improved , stayed the same or fell) after - service if just ICF - project if do ICG	End	Implementation Report	Innovation Facilitator		
						Difference in proportion who had engaged external research before service, to proportion who had engaged external research during and after service	Count of Participants that engaged external research before service	Prior	Letter of offer ICG	Participant
							Count of Participants that engaged external research during service	During	ICG Funding Agreement	Participant
				Count of Participants that demonstrated new or continuing engagement with external research after service (Examples required)	Post	Post Service Report	Innovation Facilitator			

⁹¹ IC outcomes were revised in 2018 and support for Information Communication Technology (ICT) and Technology and Knowledge (TK) streams were transferred to BM. The last ICT facilitation for IC was approved on 30 May 2018, the last TK facilitation was approved 27 July 2018.

EP Outcome	IC Participant Outcomes	KPI	Measure	Data to be collected	Collection timeframe*	Proposed data source	Who or how the data source is collected	
	Participants improve their ability to innovate	Percentage of Participants who demonstrate an improved ability to innovate	Percentage of Participants introducing new products, processes or services (post project)	Count of Participants that introduced new products, processes or services before service	Prior	Letter of offer ICG	Innovation Facilitator	
				Count of Participants that introduced new products, processes or services after service (Examples required)	Post	Post Service Report	Innovation Facilitator	
Effective business, research and commercialisation networks	Participants extend their networks to leverage research capability	Percentage of Participants who demonstrate expanded research networks	Difference in proportion who had engaged external research before service, to proportion who had engaged external research during and after service	Count of Participants that engaged external research before service	Prior	Letter of offer ICG	Participant	
				Count of Participants that engaged external research during service	During	ICG Funding Agreement	Participant	
				Count of Participants that demonstrated engagement with external research after service (Examples required)	Post	Post Service Report	Innovation Facilitator	
Improved business and commercialisation performance	Participants improve their business performance	Percentage of Participants whose business performance improves in relation to their previous performance and / or a control group	Change in Participants': <ul style="list-style-type: none"> total sales productivity (Total Sales/Wages, Salaries and Other Payments) export sales other GST-free sales gross value added (GVA: Total Sales – Non-capital purchases) export intensity (Export Sales/Total Sales) 	ABS/ATO Business Activity Statement data for Participants and control group	Annual	ABS Customised Analysis	Customised data and consultancy with ABS (MoA)	
Participants valuing the Programme		Satisfaction levels amongst participants with the service they received	Level of Participant satisfaction and dissatisfaction with: <ul style="list-style-type: none"> services received (facilitation, advice and guidance) grants received EL and IS events attended 	Count of Participants satisfied or dissatisfied with: <ul style="list-style-type: none"> services received (facilitation, advice and guidance) grants received 	End	AusIndustry Satisfaction Survey	Participant	
				Proportion of systemic issues identified through feedback that result in delivery changes	Count of systemic issues identified	Ongoing	Business Improvement Cycle	Programme Management Team
				Count of systemic issues resolved	Ongoing	Business Improvement Cycle	Programme Management Team	

Appendix D Overview of administrative outcomes data

The following information is excerpted from the element level data gap analyses.

D.1 Accelerating Commercialisation

An AC participant business will provide information at the following stages:

- Expression of Interest – Start of the engagement
- Application form – Participants formally applying for the grant
- Quarterly reports
- End of Project Report – Last quarterly report produced by the Commercialisation Advisers
- Post-Project Report – 12 months -24 months past the end of engagement period.

Data captured in the **Expression of Interest** form:

- Key Financial variables: Business Turnover (Last 3 years)
- Other business variables: Core technology and target market for the IP - categorical, Stage of development of IP, Project description (text based), Resources to match funding or execute plan (text based), Need for funding (text based), Market Opportunity (Market Demand, Target Market, Market Size) – text based.

Data captured in the Application forms, Quarterly Reports and Post-Service Report:

- Key business variables: Paid-in capital (Equity), Debt capital, Turnover, FTE and Revenue generated from the sale or lease of the commercialised product (Intellectual Property).
- Key outcomes:
 - If the business was successful in commercialising (Yes/No)
 - If the participant business generated revenue from sale or licencing of the commercialised product (Yes/No)
 - Has the participant business sold the business or changed ownership (Yes/No)
 - Is the participant business still in touch with their Commercialisation Adviser (Yes/No)
 - Did the non-financial services provided by AC have a positive effect (e.g. Research Network, other assistance)
 - Did the participant receive assistance from other elements of the EP – Business Evaluation, Supply Chain Facilitation, Growth Service, Tourism Partnerships, Business Growth Grants, Innovation Connection and Incubator Support Initiative

D.2 Business Management

The following forms are collected for various sub-elements of BM.

- Application form – Start of the engagement (BE, SCF, BGS, TPP)
 - The participating business fills an application through the online smartform (pre-Dec 2018), online portal (Dec 2018 onwards).
- Context Report – BE, Gateway Assessment - BGS and Financial Input Structure (FIS) – Start of the engagement (BE, BGS only, SCF – not mandatory)
 - The Business Adviser conducts a preliminary check of the business and provides the context report to the relevant growth sector director. The growth sector team uploads onto the document folder in the CRM Service Delivery Tool.
 - BA conducts the financial analysis based on last 5 years of financial figures in the Financial Input Structure (excel sheet)
- Action Plan, Supplier Improvement Plan – Within 3 months from the start of engagement (BE, SCF)
 - Action plan is delivered to the participating business within 6 months of the context report. It contains the detailed analysis of the participant's business, recommendations made to them and future course of action.

- Implementation Report or End of Engagement (Tier3) Report – 12 months from the delivery of Action Plan.
 - Delivered by the BA after 12 months from the delivery of Action Plan. It evaluates the implementation of the recommendations by the participating businesses.

The forms must capture the key financial and business outcomes so that required KPIs (also listed below) can be built. Below is a list of the key business info, variables and outcomes which will be of interest for analysis of the business performance.

Application Form

Location: CRM

- **Business information:** Industry growth sector, Sub- sector (if enabling one of the industry growth sectors), Business location (remote Australia or Northern Australia), Australian Company Number (ACN), Australian Business Number (ABN), Date of registration of ABN (business age), Australian and New Zealand Standard Industrial Classification (ANZSIC) – division and class, Indigenous ownership (*Yes/No – at least 50%*), Business address (State, Postcode).
 - Is the applicant engaged in interstate or overseas trade?
 - Brief description of how business core activities provide enabling or supporting technologies or services to one of the five growth sectors.
- **Financial variables:** Sales Revenue (Turnover), Operating Expenditure, Export Revenue, Export Revenue, Number of employees⁹², Number of independent contractors⁹³.

Financial Input Structure and Benchmarking Review

Location: SharePoint, Excel Format

This is an extremely rich dataset comprising of 5 years of participants financial statements:

- Profit & Loss Statements
- Balance Sheet
- Key financial ratios – Calculations of key financial ratio derived from data in the P&L statement and Balance Sheet.

Context Report and Action Plan- BE

Location: CRM

- Business opportunities and challenges (text based)
- Action plan items (text based) – In current dataset 28 impact areas, these could be reduced to few high level fields from which quantitative data can be extracted.
 - Action Type: Action, Additional Action, Key Objective, Simple Action
 - Action Priority – High, Medium and Low

Business Analysis – BGS

Location: CRM

- Baseline level of participants – Capability, Capacity and Connectivity
- Enablers, barriers and risks

⁹² Including working proprietors and salaried – Individuals who are entitled to paid leave (sick and holiday), or generate income from managing the business.

⁹³ Individuals engaged by the business under a commercial contract (rather than an employment contract) to provide employee-like services on site.

- What are the key enablers that allow the business to pursue the growth opportunities?
- What are the key barriers and risks that need to be overcome or managed in order to fully exploit the opportunity?

Supplier Improvement plan – SCF

Location: CRM

- Project Context:
 - Who is the buyer and what is happening in their market?
 - How is your buyer responding to changes in the market?
 - What is your buyer seeking to achieve from this project?
 - What is your business's objective from this project?
- Buyer Requirements and Supplier Performance
 - Recommended Actions

Growth Plan – BGS

Location: CRM

- Similar to Action Plan for BE

Implementation Report - BE

Location: CRM

- Engagement Summary: Total Recommendations, Total Implemented, Total High Priority Recommendations, Total High Priority Recommendations Implemented, Implementation Status
- Financial Data: Employees, Independent Contractors, Turnover and Export Revenue – Currently Financial data is extracted from the implementation report. The format of the document (MS-Word) is not suitable for putting numeric only controls on the financial data.

End of Engagement Report (Tier3) – SCF

Location: CRM

- Engagement Summary
 - How many recommendations were made?
 - How many recommendations have been fully implemented?
 - Has the business improved its performance in managing customer relationships as a result of the service?
 - Has the business accessed a new market or supply chain following this service?
 - Has the business increased its revenue from an existing market or supply chain as a result of the service?

End of Engagement Review – BGS

- Start and End of engagement financial variables: Revenue, FTEs, Export income, Net profit margin (before tax)
- Engagement information –
 - How was the growth opportunity progressed over the engagement period?
 - How satisfied are you with the progress of the growth opportunity and why?
 - How satisfied is the business with the progression of the growth opportunity and why?
 - What objectives have been implemented from the Growth Plan?
 - What were the outcomes of the from these objectives
 - According to the business, what was the most effective part of the engagement and why?
 - Is there any general feedback from the business?
 - Do you have any other comments you wish to make about this engagement?

D.3 Innovation Connections

The following forms are collected for various sub-elements of IC.

- Application Form
- Facilitation Report
- Business Researcher Placement Progress Report
- Business Researcher Placement Final Report – Publicly Funded Research Organisation
- Business Researcher Placement Final Report – Business
- Graduate Placement Progress Report
- Graduate Placement Final Report – Business
- Graduate Placement Final Report – Graduate
- Research Placement – 12 months Post Service Report - Business
- Research Placement Progress Report
- Research Placement Final Report – Business
- Research Placement Final Report – Publicly Funded Research Organisation
- Audit Report

Application Form

- **Business information:** Organisation & Business Management, Australian Business Number (ABN), Australian Company Number, Legal name, Business name, Date of registration of ABN, GST Registered, Are you a charity registered with the Australian Charities and Not-for-profits Commission (ACNC), Are you a not-for-profit, ANZSIC Division & ANZSIC Class
- **Financials variables:** Latest Financial Year Figures, Sales Revenue (Turnover), Export Revenue, R&D Expenditure, Taxable Income, Number of employees (headcount) & Number of Independent contractors (headcount)

Facilitation Report

Includes details about the business and the current challenges and opportunities facing the business.

- Recommendations and referrals.

Progress Report

Relates to the Innovation Connections research project and experience with the process.

- Questions about the Innovation Connections research project.
- Questions about the Innovation Connections process.

Final Report

Relates to the research project and experience with the process.

- Questions about the decision to have a business researcher placed within the research organisation.
- Questions about the Innovation Connections research project.
- Questions about the Innovation Connections process
- Questions about the business' prior experience working with researchers.
- Questions about the business' prior experience working with graduates.
- Questions about the Innovation Connections graduate placement research project.
- Questions about the decision to collaborate with the business.

12 months Post Service Report

Relates to the research project and experience with the process.

- Questions about the Innovation Connections research project and the end of engagement financial figures.

Audit Report

Relates to project expenditure.



Australian Government
Department of Industry,
Innovation and Science



Entrepreneurs' Programme
Northern Australia Tourism Initiative
Impact Evaluation, March 2020.



Prepared by: s22(1)(a)(ii)

s22(1)(a)(ii)

IPS Management Consultants

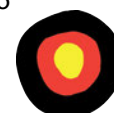
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ACRONYMS

ASIC	Australian Securities and Investments Commission
CATI	Computer Assisted Telephone Interview
EP	Entrepreneur's Programme
GST	Goods and Services Tax
KPI	Key Performance Indicator
NATI	Northern Australia Tourism Initiative
NT	Northern Territory
QLD	Queensland
WA	Western Australia



Sourced from ING Image 2019



LESSONS LEARNT

Key lessons learnt through the impact evaluation of the Entrepreneurs' Programme - Northern Australia Tourism Initiative's, commissioned by the Department of Industry, Science, Energy and Resources are:

What went well
Recruitment of businesses was viewed as effective and efficient (see finding 1.3).
Eligible tourism businesses' needs were met.
Businesses acknowledged the effectiveness and efficiency of advisers.
Grant system of matching dollar-for-dollar.
What didn't go well
Exclusion of businesses due to eligibility criteria (see Finding 1.2)
Marketing of the programme by Government and peak bodies (see Finding 1.3)
Grant process was challenging and amount available was too restrictive (see Finding 1.6)
Data capture for monitoring and evaluation (see Finding 2.5 and 3.3)
What can be improved
Eligibility criteria to enable wider participation (see Finding 1.2)
Refine the approach to the grant process (see Finding 1.2, 1.6 and 2.4)
Develop the region by including a focus on facilitating collaboration between tourism businesses.
Refine the programme specifically for tourism businesses in northern Australia.
Reduce waiting periods to receive the same service from the programme (see Finding 1.6)
Introduce a structured approach to the action implementation stage and beyond (see Finding 1.5)
Resolve issues with the Department's application submission portal (see Finding 2.1)
Reporting and data collection processes (see Finding 2.5 and 3.1)



EXECUTIVE SUMMARY

The Entrepreneurs' Programme is the Australian Government's flagship initiative for business competitiveness and productivity providing support and advice at no cost to help businesses grow, innovate and commercialise. In 2015, the programme was expanded to include tourism businesses in northern Australia with an allocated grant funding budget of \$1,960,000 over five years. The Entrepreneurs' Programme - Northern Australia Tourism Initiative's (EP-NATI) aim was to provide eligible tourism businesses with practical support to build management and business capability, improve their performance, grow and be more internationally competitive.

EP-NATI offered personalised, face-to-face or one-on-one advisory services on a non-competitive basis, together with competitive grant opportunities to tourism businesses that met eligibility criteria.

This impact evaluation of the EP-NATI was based on an analysis of programme documents provided by the Department of Industry, Science, Energy and Resources (the Department, previously the Department of Industry, Innovation and Science, DIIS), external literature, an analysis of interviews with key stakeholders and a survey of both participating and non-participating tourism businesses in northern Australia. The evaluation and data analysis were guided by questions provided by the Department (see methodology) and focused on the programme's design, efficiency, outcomes and lessons learnt.

The evaluation's findings and recommendations provide the Department with a number of elements that need consideration in future programs. Design considerations include tourism business specific outcomes, eligibility criteria that account for seasonality and business structure, ambitious and achievable Key Performance Indicators (KPIs) that are consistent across the regions.

Efficiency considerations include ensuring programme and grant applications are clear and concise, that the programme's submission portal is free of technical issues and that data collection methodologies align with programme objectives and are regularly monitored for accuracy and completion.

Outcome and impact considerations include a formal reporting process at intervals appropriate to northern Australia tourism businesses to effectively track changes post implementation. Consideration should also be given to using reporting templates to ensure data collection is conducted in a consistent way across the regions, while minimising duplication or excessive administration by business advisers.

EP-NATI was successful on a number of levels addressing needs within the tourism sector across northern Australia resulting in business development, growth and maturity. It was found that there is a significant need for tourism specific business advisory in northern Australia and a critical need to understand and account for some of the unique challenges in delivering and evaluating such services. These include the seasonal nature of tourism in northern Australia, the vast distances and remote locations that business advisers may need to travel and the different types of businesses servicing the tourism industry.



Figure 1: Summary of findings and recommendations

Findings		Recommendations
1	Design	
1.1	The programme-level outcomes for the Entrepreneurs' Programme (EP) were overarching and included all businesses, including EP-Northern Australia Tourism Initiative (NATI) businesses, even though they may not be relevant for them.	Recommendation 1 The Department should ensure objectives and outcomes are relevant for all eligible businesses.
1.2	The same eligibility criteria from the broader EP resulted in many tourism businesses, that may have benefited from the programme, being ineligible for the service.	Recommendation 2 The Department should ensure that programme eligibility criteria consider the individual characteristics of sectors to ensure that target businesses are able to meet eligibility criteria. This would include considerations such as grant structure, distances for advisers and business structure.
1.3	The majority of participants (38%) became involved in the programme after direct engagement with business advisers. A very small proportion of businesses learnt of the programme through the Department's website (4%), industry events (5%) or peak bodies (7%). A proportion of surveyed businesses had not heard of the programme (23%).	Recommendation 3 Initiatives rolled out by the Department should include clear and well-targeted measures aimed at ensuring more potentially eligible businesses are aware of the programme.
1.4	Key Performance Indicators (KPIs) relating to the target number of participating businesses were found to be determined by industry partners (employers of the business advisers). They were not consistent across the regions, unambitious and easily attained. This resulted in inconsistent delivery of the programme.	Recommendation 4 The Department should ensure that KPIs for each service being offered are set by programme directors, in consultations with the industry partners, prior to programme implementation, to ensure consistency and maximum engagement opportunities.
1.5	Support to businesses from business advisers during the implementation stage was found to be inconsistent and often lacking.	Recommendation 5 The Department should provide a formal and standardised approach to the business support process being given by the business advisers. This approach should begin from initial engagement with a business and continue through to implementation of advice provided.
1.6	The grant process was inefficient and found challenging for many tourism businesses.	
1.7	The timeframes associated with the programme were challenging. Businesses who participated in the programme were required to complete the recommended changes within 12 months of first meeting the business adviser. Businesses were required to wait for five years before they could reapply for similar services.	Recommendation 6 The Department should ensure programme timeframes consider individual characteristics of the tourism sector to enable businesses sufficient time to implement adviser recommendations and reapply for similar services.
2	Efficiency	
2.1	The Department's programme web portal was found to have numerous technical	Recommendation 7



Findings		Recommendations
	issues and combined with poor Internet service in remote areas, was very inefficient.	The Department should minimise content on the web portal to ensure it works effectively in areas with poor Internet service.
2.2	It was found that communication between businesses and business advisers was challenged by vast distances, impacting on face to face meetings.	Recommendation 8 The Department should ensure distances business advisers are required to cover are considered in programme delivery and ensure a variety of communication options are available including web based applications.
2.3	The cost of engaging consultants in very remote areas was found to be as much as three times the cost of engaging in a metropolitan area.	Recommendation 9 The Department should consider funding options or additional support to assist remote businesses access the professional services recommended to them by business advisers.
2.4	Business owners were heavily reliant on business advisers assisting with writing grant applications. Applications were considered long, unclear and time consuming. Business advisers invested a lot of time writing applications on their behalf.	Recommendation 10 The Department should ensure the grant application is simple and clear by conducting user testing prior to programme implementation.
2.5	Data collection methodologies were found to be repetitive, vague and incomplete.	Recommendation 11 The Department should clarify data collection processes in line with KPIs and measures of success and consider the impact of industry specific elements, such as seasonality.
3	Outcomes and Impact	
3.1	Reporting by business advisers was inconsistent, there was a lack of follow up engagement and timeframes were insufficient to capture changes in business development post implementation. This resulted in critical gaps in datasets.	Recommendation 12 The Department should formalise the reporting and data collection processes to ensure it is consistent, conducted in a timely manner, efficient and able to effectively capture changes, related to recommendations, within the businesses.
3.2	The programme was most effective in businesses with a turnover of \$4 million or less, where post-programme turnover increased by an average of 15%.	Recommendation 13 Future programs could target businesses with a turnover of \$4 million or less to maximise return on investment.



BACKGROUND

In 2015 the Australian Government's *Our North, Our Future: White Paper on Developing Northern Australia* recommended the expansion of the Entrepreneurs' Programme to include tourism businesses in northern Australia. EP-NATI's aim was to provide eligible businesses with practical support to build management and business capability, improve their performance, grow and be more internationally competitive.

Under EP-NATI, existing business advisory services within the Business Management element of the Entrepreneurs' Programme were expanded to include the northern Australia tourism sector. A specialist tourism service, Tourism Partnerships, was also introduced to help eligible tourism operations in northern Australia form or improve a collaborative arrangement with other tourism businesses.

The purpose of this impact evaluation is to evaluate the design, efficiency, outcomes, impacts and lessons learnt from EP-NATI. This will be achieved through engaging with key stakeholders involved in EP-NATI using a mixed methods approach that incorporates both quantitative and qualitative data.

OBJECTIVES

The impact evaluation was guided by the following evaluation questions, which were provided by the Department:

Design

1. What was the nature, magnitude and geographic distribution of the problem or opportunity that the Programme was designed to address?
 - 1.1. What was the concern or opportunity that gave rise to the Programme?
 - 1.2. How many businesses were potentially affected?
 - 1.2.1. What types of businesses were they?
 - 1.2.2. What costs or obstacles were apparent?
 - 1.2.3. What potential benefits were being forgone?
 - 1.3. Was a market failure apparent?
 - 1.4. What was the likely consequence of not addressing the problem or opportunity?
2. Did the Programme design address the need?
 - 2.1. Did the Programme have clear and consistent objectives?
 - 2.2. Could changes to elements of the design have produced a better outcome?
 - 2.3. Were the eligibility requirements appropriate?
 - 2.4. Was the activity undertaken by the most appropriate level of government?



Efficiency

3. Did Programme operations and procedures work effectively?
 - 3.1. Were there areas in which the Programme's operations and procedures could have been more efficient?
 - 3.2. To what extent did the characteristics of applicants (successful and unsuccessful) match those of the Programme's intended participants?
 - 3.3. Was the Programme over- or under-subscribed?
 - 3.3.1. If the Programme was under-subscribed, were efforts made to increase awareness of the Programme among targeted firms or project types?
 - 3.3.2. What was the outcome of those efforts?
4. Did the Programme have sound data collection methodologies?

Outcomes and Impact

5. Did the Programme achieve its intended outcomes?
 - 5.1. What was the magnitude of the changes that occurred?
 - 5.2. What were the characteristics of the programme's participants and/or beneficiaries (size, sector, Indigenous ownership, etc.)?
 - 5.3. To what extent did the outcomes differ by region or sector?
 - 5.4. What were the main factors contributing to the outcomes?
 - 5.5. Did eligibility constraints (turnover threshold, business structure) affect the delivery of outcomes?
6. To what extent can the return on investment be quantified for the programme?
 - 6.1. Was the programme cost-effective?
 - 6.1.1. How did its outcomes compare with similar programmes elsewhere, or with alternative ways of achieving the same outcomes?
 - 6.2. To what extent did the benefits of the programme outweigh the costs?

Lessons learnt

7. What, if any, lessons can be drawn from the programme to improve the efficiency or effectiveness of future programmes?
 - 7.1. What went well?
 - 7.2. What didn't go well?
 - 7.3. What can be improved?
 - 7.4. How can it be improved?



LITERATURE OVERVIEW

In mid-2015, the *Our North, Our Future: White Paper on Developing Northern Australia* (the White Paper) was published recognising challenges facing the tourism sector in northern Australia, as well as opportunities for growth. The Australian Government responded by implementing the Northern Australia Tourism Initiative (NATI) which expanded the Australian Small Business Advisory Services Programme and Entrepreneurs' Programme to incorporate tourism businesses. The scope of the present evaluation is limited to the Entrepreneurs' Programme component of the Initiative. Specifically, the Initiative expanded the Business Management element of the Entrepreneurs' Programme to include tourism businesses, lowered the annual turnover threshold for businesses to participate, and introduced the Tourism Partnerships service. From this point on in the overview, this will be referred to as EP-NATI. The objectives of EP-NATI were to build management and business capability, improve performance, and help businesses grow and be more internationally competitive. The purpose of this literature overview is to provide the context in which EP-NATI was developed, outline the structure and scope of EP-NATI, and consider evaluations of EP-NATI to inform the impact evaluation.

CONTEXT OF EP-NATI

Challenges

In the ten years preceding the publication of the White Paper, there was a significantly lower growth rate of tourism across northern Australia compared to the rest of Australia (Department of Industry, Innovation and Science, 2015). In some northern Australian tourism regions, the numbers of domestic and international visitors between 2006 and 2015 actually decreased. For example, the Northern Territory saw a 6.8% decrease, northern Queensland saw a 12.2% decrease, and Whitsundays (Queensland) saw a 26.7% decrease in the number of visitors (Tourism Research Australia, 2015). Additionally, Tropical North Queensland and Mackay (Queensland) saw only a marginal increase in visitors (Tourism Research Australia, 2015). Furthermore, much of the northern Australia tourism sector consisted of small businesses employing less than five people, and these businesses in particular had reportedly faced declining numbers of international tourists (DIIS, 2015). In 2015, over 64% of tourism businesses in Australia's north west (Western Australia), Tropical North Queensland, northern Queensland, Whitsundays (Queensland), and Mackay (Queensland) were non-employing, or had less than five employees (Tourism Research Australia, 2015). It was therefore suggested that these businesses would benefit from business planning, and identifying and implementing growth opportunities (DIIS, 2015).

Another challenge identified for these businesses was the lack of information around basic economic infrastructure such as communication and transportation facilities that make business activity possible. This lack of information disadvantages businesses in their pursuit of growth and new market opportunities, as well as making them too cautious to access or develop supply chains (DIIS, 2015). It was also identified that Australian businesses rank poorly compared to other countries in the critical



area of business management skills, and suggested that small and medium businesses in Australia might lack the information or networks required to improve this (DIIS, 2018).

Opportunities

Opportunities for growth were also identified in the White Paper. It was suggested that northern Australia could capitalise on its iconic locations such as the Great Barrier Reef, Uluru, Kakadu National Park and Cable Beach, as well as its open spaces and clean environment, to attract millions of tourists every year (DIIS, 2015). Additionally, the projected growth of Chinese and Indian tourists traveling overseas was considered a key target for increasing tourism in northern Australia (CLSA, 2016; DIIS, 2015; World Tourism Organization and European Travel Commission, 2009).

EP-NATI

In response to these challenges and opportunities, the Northern Australia Tourism Initiative was launched in early 2016 (DIIS, 2019). As part of the Initiative, the Business Management element of the Entrepreneurs' Programme was made available to small and medium sized businesses in the tourism sector from February 2016 until December 2019 (DIIS, 2018). Additionally, the eligibility criteria were changed to include businesses with an annual turnover or operating expenditure between \$750,000 and \$100 million, compared to the overarching programme threshold of \$1.5 million and \$100 million. This was to extend services to more small businesses, which were identified as making up a large part of the tourism sector in northern Australia. An additional service stream, Tourism Partnerships, was also introduced.

Structure and scope

Business Management consisted of two elements: Business advice and facilitation services, and business growth grants. The business advice and facilitation services, which included business evaluation, growth services, and supply chain facilitation service streams, were ultimately designed to build management and business capability, improve performance and help businesses grow and be more internationally competitive (DIIS, 2018). The tourism partnerships stream was introduced to facilitate and encourage a collaborative approach to increasing tourism visitors among groups or consortiums of tourism businesses. A key action of these service streams was for business advisers to develop a tailored business action plan, providing recommendations for improvement. Businesses then had the opportunity to apply for a business growth grant to help them implement the recommendations in the plan.

A Sector Director was contracted to review recommendations and oversee the delivery of services. Five additional tourism business advisers were contracted by the Department through their respective industry partners to deliver each of the service streams across northern Australia including Broome, Darwin, Townsville and Cairns (DIIS, 2018).



Key Performance Indicators (KPIs) for the Business Management element of the Programme included (DIIS, 2018):

- The percentage of relevant participants who demonstrate that their management capability has improved
- The percentage of relevant participants who demonstrate improved ability to identify and leverage growth opportunities
- The percentage of relevant participants who demonstrate increased or deepened market or supply chain participation
- The percentage of relevant participants whose business performance improves in relation to their own performance or a control group
- Satisfaction levels among participants with the service they received

Evaluations of EP-NATI

A case study evaluation of EP-NATI was conducted in 2018 while it was still in operation (Hordacre, Rampersad & Spoehr, 2018). In addition to reviewing implementation reports of 28 participating businesses, the evaluation engaged with nine businesses, two business advisers and the Sector Director. The evaluation measured performance impact, effectiveness of EP-NATI, and satisfaction with EP-NATI. Overall, it was identified that EP-NATI was highly effective in supporting businesses in a number of ways including identifying successes, gaps and opportunities, improving digitisation and connectivity of business systems, sales and marketing, building business confidence in decision making and sustainability, and engaging in new markets. However, the requirement that businesses match grant funding, and the nature of the reimbursement grant model were identified as prohibitive for some businesses. For businesses accessing grant funding, it was considered a positive in terms of what it helped them achieve. The business advisers were considered highly effective by businesses, and their advice was recognised as relevant and attuned to the market (Hordacre et al., 2018).

The present evaluation builds on the case study evaluation conducted previously by directly engaging with the programme directors, business advisers, peak bodies, stakeholders and participating and non-participating businesses to provide a comprehensive impact evaluation of EP-NATI. The evaluation will provide a thorough assessment of the design, efficiency, outcomes and impact of EP-NATI, in addition to identifying the lessons learned for future initiatives or programmes



METHODOLOGY

The impact evaluation was guided by the realistic evaluation framework to enable contextual considerations throughout the evaluation process. A mixed methods approach using both quantitative and qualitative data was used. It was identified that very limited quantitative data was collected by the Department during the programme's delivery (from February 2016 to December 2019). As such, semi-structured interviews with business advisers and direct engagement of participating and non-participating businesses through an online survey, were conducted to capture sufficient information to evaluate the program.

DATA SOURCE

Quantitative data such as financial information, demographic and business data collected by business advisers was provided by the Department and a quantitative survey of participating and non-participating businesses was developed to inform the evaluation.

Qualitative data include relevant literature (see references) and semi-structured interviews with key stakeholders.

Interviews with key stakeholders

Semi-structured interviews were conducted with business advisers, programme directors and peak tourism bodies. The Department of Industry, Science, Energy and Resources declined the opportunity to interview.

Survey

Tourism businesses that had and had not participated in EP-NATI, operating in northern Australia, were invited to participate in an online survey consisting of mostly quantitative questions. Business eligibility for the EP-NATI was not determined.

ANALYSIS

The qualitative data was critically analysed using a reiterative process to identify common themes, topics and ideas. The process considered the context, consistency and contradictions of views, frequency and intensity of comments, their specificity and emerging themes and trends.

The quantifiable data reviewed and collected through the survey was compared and contrasted to qualitative themes to enhance interpretation. The utilisation of mixed methods enabled triangulation to strengthen validity.



STAKEHOLDER ENGAGEMENT

Stakeholders consulted for the impact evaluation included the business advisers delivering the programme across northern Australia, programme directors, tourism peak bodies from NT and QLD (WA declined to participate) and tourism businesses that both did and did not participate in the programme.

PARTICIPANTS

Business advisers

Recruitment of business advisers to participate in the evaluation occurred during November 2019. The Department informed the business advisers that IPS had been engaged to conduct the impact evaluation of EP-NATI. IPS called each adviser and sent an introductory email and booking options for their phone interview. Participants were provided with the interview questions, prior to the interview, to enable them to prepare their responses. All interviews were conducted over the phone and voice recorded for transcribing. They took place from the 18th November, 2019 to the 22nd November, 2019 and all business advisers participated.

Figure 2: Summary of business adviser participation

Business adviser	Location	Invitation accepted and participated
Business Adviser	Darwin, NT	Yes
Business Adviser	Townsville, QLD	Yes
Business Facilitator	Cairns, QLD	Yes
Business Adviser	Cairns, QLD	Yes
Business Adviser	Broome, WA	Yes
Business Adviser	Broome, WA	Yes

Note: All EP-NATI business advisers participated.

Programme directors

Two programme directors were identified by the Department as key stakeholders for the impact evaluation. IPS sent an introductory email and booking options for a phone interview. Interviews were voice recorded for transcribing and were conducted between the 18th November, 2019 and the 22nd November, 2019.



Figure 3: Summary of project director participation

Position	Invitation accepted and participated
Sector Director for Northern Australia Tourism	Yes
Assistant Director	Yes

Peak bodies

Three peak bodies were identified as key stakeholders for the impact evaluation and invited to participate. Two peak bodies, s47G(1)

participated in interviews.

The WA peak body declined to participate.

Tourism businesses in northern Australia

Recruitment of tourism businesses in northern Australia spanned the entire data collection period from the 15th November 2019 through to the 12th December, 2019. The Department provided a list of tourism businesses that participated in the programme. This list was used for recruitment for the online survey. To ensure representation from non-participating tourism businesses, IPS contacted non-participating businesses (that may or may not have been eligible for the programme) and invited them to complete the online survey to ensure some representation from each northern region across Australia.

Business owners that did and did not participate in the programme from WA, the NT and QLD were successfully engaged and are represented within the impact evaluation.

The following figure provides a summary of businesses (those that did and did not participate in EP-NATI) that were recruited for the survey.

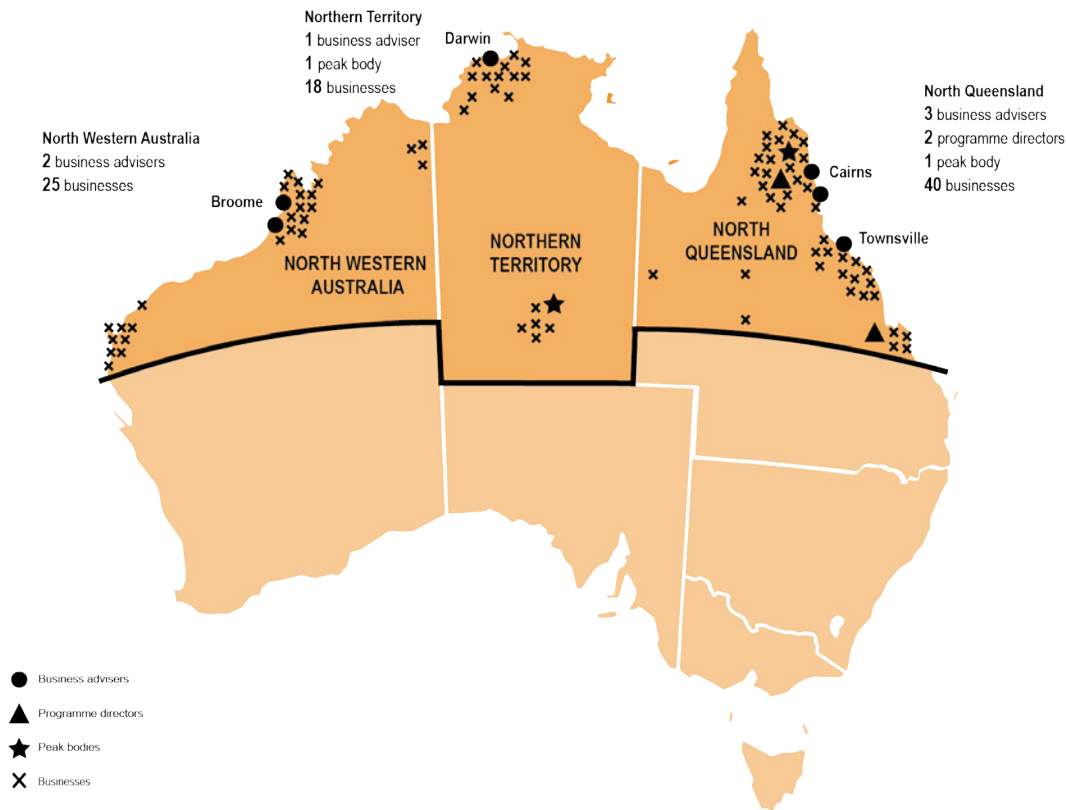
Figure 4: Recruitment summary

Survey participation	Businesses that were sent an email invitation to complete survey	Businesses that received at least one follow-up phone call	Total number of businesses that declined or did not respond	Total number of surveys completed (number of businesses that completed the survey)
Participated in EP-NATI	201	155	142	59
Did not participate in EP-NATI	46	40	17	29
Total	247	195	159	88
Total as a proportion	100%	79%	64%	36%



The following figure shows a map summarising stakeholder engagement for the interviews and survey conducted as part of the impact evaluation.

Figure 5: Stakeholder engagement summary map



All business advisers involved in the programme participated and tourism businesses were well represented across the region. The figure shows that two business advisers and 25 businesses in northern Western Australia participated, one business adviser and 18 businesses in the Northern Territory and three business advisers, two programme directors, two peak bodies, and 40 businesses in North Queensland participated.



DEFINITIONS

Definitions are sourced from the Customer Information Guide (ASBAS Northern Australia Tourism Initiative).

Small businesses are defined as businesses having less than 20 full time (or equivalent) employees:

- An employee can be defined as a person that a business directly engages, controls and pays a wage for their labour, who does not have a substantial management role in the day to day operations of the business.
- Full time work can be defined as those employees who usually work 35 hours or more per week. Businesses with a range of employment arrangements such as casuals and part-time workers, should calculate the number of hours worked by other than full time employees and divide that total by 35. For example 3 casual employees working 12 hours per week work a total of 36 hours per week. This equates to one full time employee.

Tourism small businesses are defined as small businesses that must

- derive a significant portion of their revenue from tourists
- operate in tourism related industries, including accommodation; cafes, restaurants and takeaway food services; clubs, pubs, taverns and bars; passenger transport; tour operator services; cultural services; sports and recreation services; and retail trade (not including intermediaries that resell tickets or vouchers for tourism-related products and services).



Sourced from ING Image (2019)



FINDINGS

The following findings are based on a review of documents provided by the Department and those sourced externally, business adviser interviews, programme director interviews and a survey of businesses that both participated and did not participate in EP-NATI. Each evaluation question has been addressed in its entirety and, as such, some information has been duplicated.

DESIGN

1. What was the nature, magnitude and geographic distribution of the problem or opportunity that the programme was designed to address?

1.1. What was the concern or opportunity that gave rise to the programme?

- A decline in tourism across northern Australia was a concern

A lower growth rate in tourism across northern Australia, compared to the rest of Australia was as a key factor driving the development of the programme. The literature revealed that while northern Australia saw an increase of 12% in tourism expenditure since 2005, the rest of Australia had experienced an increase of 32% (Tourism Research Australia, 2015). Businesses, many employing less than five people, had reportedly faced declining numbers of international tourists while the proportion of international tourists to Australia was increasing (DIIS, 2015).

Business advisers noted that the NT has been losing market share to other jurisdictions over the past ten years. One of the factors thought to drive this decline was length of licence and tenancy available to tourism businesses. For example, licences and tenancy duration offered to tourism businesses in both Uluru and Kakadu National Park in the NT are very short (five years) when compared to the Great Barrier Reef in QLD, which offers licences and tenancy of up to 18 years. Business advisers felt this was still a relatively short duration but provided tourism businesses with more certainty.

“With business certainty comes investment.” (Business Adviser)

Business advisers also noted a decline in tourists visiting Broome. While there’s a general assumption that Bali, being so cheap, was a key factor impacting on Broome’s tourist numbers, business advisers suspected otherwise given the success of tourism in Queensland.

- Skills and capability gaps were a concern

Business advisers identified a vast difference in tourism business maturity across the regions. A “massive skill gap”, “inexperience” and “lower levels of business sophistication” in tourism businesses across northern Australia, compared to other tourism businesses in Australia, was noted. By example, tourism businesses in the NT were identified as having a low level of maturity when compared to



similar businesses in QLD. This was further emphasised by the view that tourism businesses in QLD had a lower level of maturity when compared to those in South Australia.

Business advisers attributed the lack of maturity on the view that many businesses had developed reactively when they saw an opportunity to run a business on their property without any formal business training or skills to run the business. This was particularly evident in areas of business management, human resource management, sales and marketing and operation and productivity.

Access to capable staff was an ongoing issue for businesses located in remote locations. Business advisers noted that being predominantly seasonal work and staff only working for a single season, small businesses were constantly investing time and money into training new staff.

The programme directors and peak bodies identified that skills and capability gaps were preventing businesses from progressing, a view supported by the literature that states tourism businesses lack access to suitable information and networks (DIIS, 2018).

“There were skill and capability gaps that were preventing businesses from progressing and those businesses needed assistance.” (Programme Director)

- Lack of support for businesses was a concern

It was identified by business advisers that tourism businesses needed additional assistance to build capability to enable them to better participate in market opportunities. There was an observed lack of localised support and limits in availability of appropriate skills and competencies. It was noted that workshops were run by peak bodies but typically focused on marketing.

Business owners held the perception that, with the exception of EP-NATI, there is a significant lack of support for the tourism sector in northern Australia.

“It was good to have something available for our sector for a change. You hear of lots of other sectors (mining etc.), but it’s good for them to consider us which will make a massive difference up here.” (Tourism Business)

- There was an opportunity to boost economic outcomes by providing business advisory services

Programme director interviews revealed that the purpose of EP-NATI was to build economic development in regional Australia and address skills and capability gaps that were preventing tourism businesses in northern Australia from developing. The NATI was positioned within the existing EP framework due to it being perceived as a good fit and to enable immediate implementation.

- Build economic development



The opportunity to build economic development in the region was identified by the programme directors and peak bodies as a way of boosting prosperity and tourism, which was seen as a major driver of many regional economies.

- There was an opportunity to capitalise on growing Asian international markets

The attraction of the region and projected growth of Chinese and Indian tourists was a key opportunity for tourism growth but businesses were identified as lacking knowledge of how to attract and cater to this market (CLSA, 2016; DIIS, 2015; World Tourism Organization and European Travel Commission, 2009).

- There was an opportunity to capitalise on the unique environment, natural and cultural attractions

Hosting some of the most remote and pristine natural environments in the world, northern Australia has a range of untapped opportunities for nature based experiences (DIIS, 2015). An increasing demand for cultural tourism experiences is growing and northern Australia is in a prime position to develop cultural tourism which could also create sustainable employment into the future.

1.2. How many businesses were potentially affected?

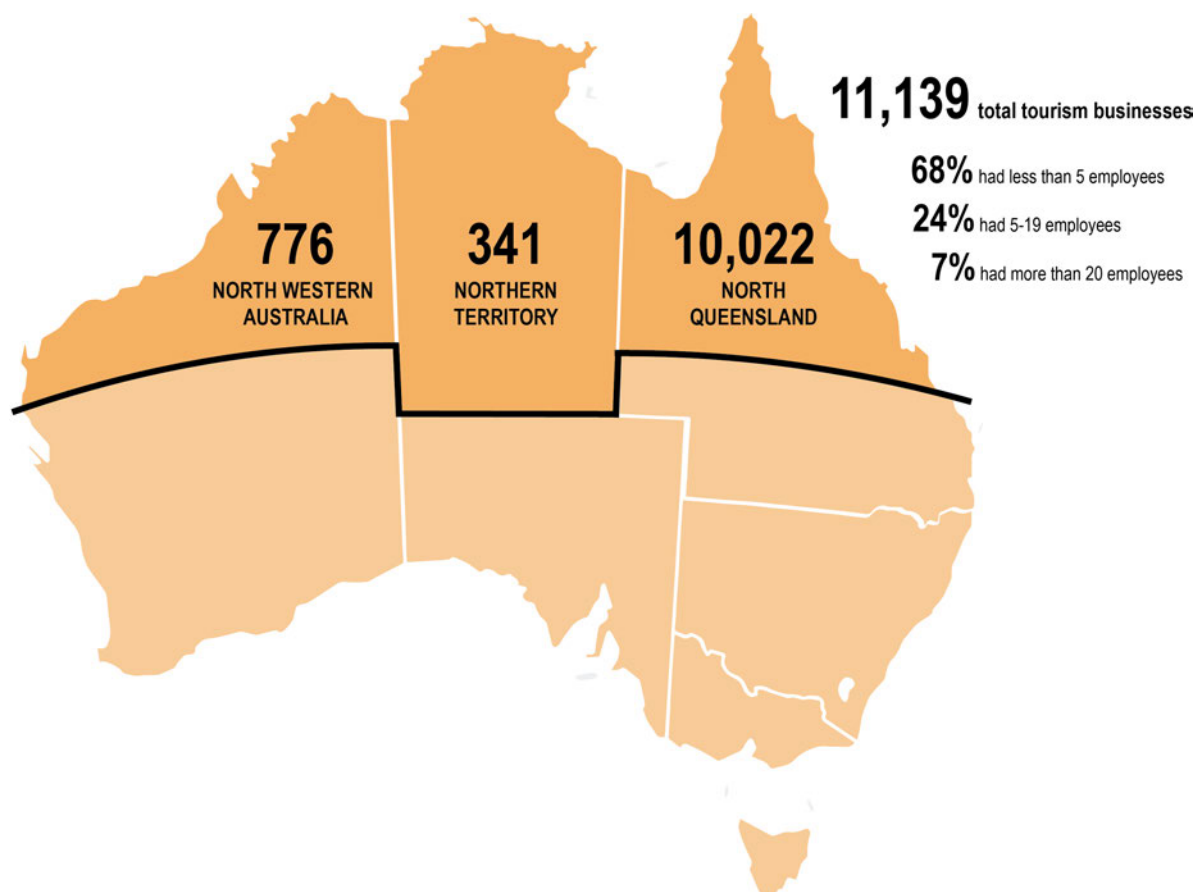
There were a total of 11,139 tourism businesses in northern Australia in 2015 (Tourism Research Australia, 2015). Of these 7% (776) were located in WA, 3% (341) in the NT and 90% (10,022) in QLD.

A total of 104 businesses received grants through the programme where 142 grants were approved totalling \$1,735,000. This represents 1% of tourism businesses in northern Australia. Grant allocation data provided for 73 of the participating businesses indicates that 23% are in WA, 19% in the NT and 51% are located in QLD.

1.2.1. What types of businesses were they?

The majority of businesses were small, often family owned, and medium sized businesses. It was found that 68% of the 11,139 tourism businesses in northern Australia had less than five employees, 24% had between five and 19 employees, and only 7% had more than 20 employees (Tourism Research Australia, 2015).



Figure 6: Tourism businesses across northern Australia

Source: *Tourism Research Australia (2015)*

Business advisers noted that many of the tourism businesses in northern Australia are “husband and wife” operations with few employees, a view supported by the literature. Small business size limited capacity to improve competencies and skills.

1.2.2. What costs or obstacles were apparent?

A number of obstacles were apparent including:

- There was a dependence on the health of local industry, meaning that businesses were heavily reliant on local tourists, rather than interstate or international tourists. There was also an overdependence on particular sectors during boom times.

“Very few tourism businesses can survive as standalone businesses, they need very healthy business ecosystem locally to be successful.” (Business Adviser)

“Like many businesses in the region, this firm has enjoyed past success during the mining construction boom and has created capacity to make the most of it. This is now under-utilised at around 30% occupancy.” (Programme Director)



- Lack of business support or access to tourism trends and developments due to isolation and lack of network capabilities. For example, business advisers noted the use of poor-quality accountants and a lack of business advisers or consultants. They also noted that many business owners lacked understanding of social media and, as such, were not engaged in the latest marketing trends.

"Businesses way out in the regions don't really understand the importance of websites, the importance of having TripAdvisor covered properly, being on booking.com." (Business Adviser)

- Seasonality was identified as a key obstacle where many tourism businesses only operated during the short-lived tourism season. Many closed down and ceased to operate for the remainder of the year.
- Impact of natural disasters

Peak bodies identified that northern Australia is subject to natural disasters on a regular basis including cyclones, flooding and bushfires.

"Whether it's floods, cyclones, monsoon depressions, transport interruptions, health crises, pest invasions... it's like a country music song. It just goes on and on and on. They happen with incredible regularity and we know it's going to happen." (Peak Body)

The impact of these disasters was noted in the literature and was found to have a profound effect on businesses.

- Distance

The remote nature of many tourism businesses in northern Australia means that distance is a challenge for tourists to come to the business due to increased transport costs and also for business owners to access or attend training and development opportunities.

- Resistance to growth

Business advisers held the view that many businesses are already experiencing management issues and don't want to grow. The literature noted that if businesses experienced rapid and uncontrolled growth, it was typical for the business owner to scale back to a more manageable business size.

- Lack of collaboration

Interviews with business advisers in WA and QLD revealed that there was a culture of non-collaboration and a resistance to working together for the purpose of regional development in tourism businesses. One reason cited was the need to maintain a competitive edge against similar businesses to ensure they retained any potential income rather than share it with competitors. In contrast, another business adviser from QLD noted that regional tourism business were very supportive of each other.

- Small size of business and associated time pressure meaning that business owners were spending more time in their business rather than on their business.



"The other issue is they're so operationally focused, taking time out of the business to actually do this is an issue for them." (Business Adviser)

- Lack of certainty of land rights when developing infrastructure

The literature reveals that as much as 98% of the NT is either Indigenous land or under native title claim of which only 50% has been finalised. This means that half of land tenure has not been finalised and, as such, is currently unavailable for development, including tourism development. Additionally, the literature revealed that businesses can only secure a ten year lease which restricts businesses' ability to raise capital and plan for expansion of the business.

1.2.3. What potential benefits were being forgone?

A number of benefits weren't being realised including economic growth, business growth, sustainable employment and networking.

1.3. Was a market failure apparent?

Several aspects were contributing to market failure including an overdependence on other sectors, particularly the resource sector. Fly in fly out resource workers were occupying significant accommodation space and placing heavy demand on local industry, including tourism businesses. Those businesses grew to meet that demand and the subsequent downturn has created a situation of oversupply.

Another factor contributing to market failure, as identified by programme director interviews, was the lack of northern Australian tourism businesses understanding how to approach the growing Chinese market. While Chinese visitation has always been relatively high in the Far North Queensland region, there was a growing interest and visitation to the NT via Darwin and to the north of WA. There is the view that tourism businesses lack understanding of how to attract and cater to this growing market.

1.4. What was the likely consequence of not addressing the problem or opportunity?

The consequences for not addressing the problems or seizing opportunities included the closure of small operations and downsizing of medium sized businesses. Business management skills were identified by business advisers as the difference between tourism businesses surviving or not.

"My business was needing help - which is why I went to advisory service. My adviser rightly diagnosed where I needed help and assisted giving every advantage to help. I do believe my business would've closed without that help, and I have managed to stay open." (Tourism Business)

"Without our adviser's direction and information we would be at a higher risk of failure whereas now I'm on a very clear pathway." (Tourism Business)

2. Did the programme design address the need?

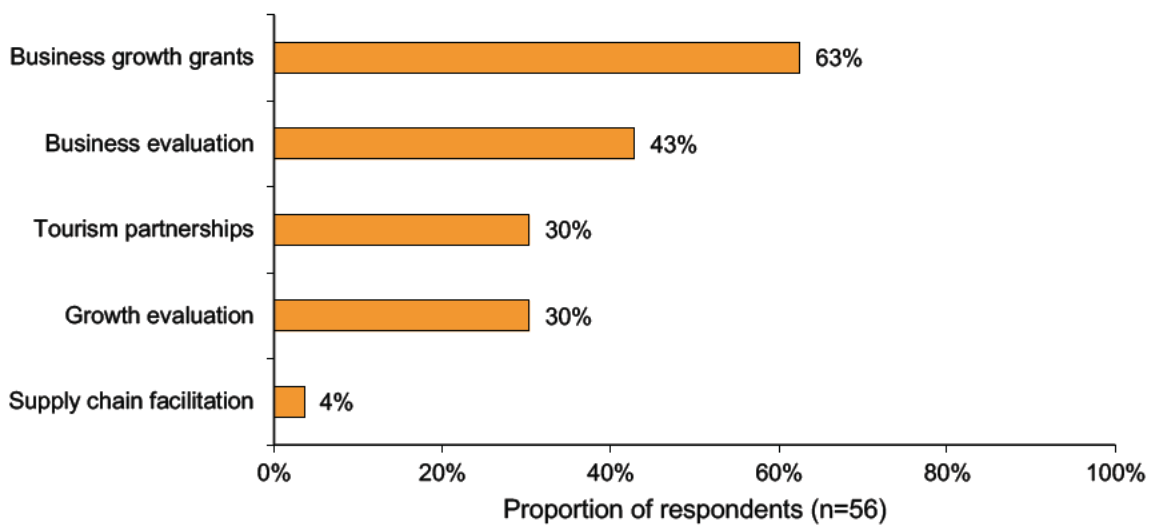
Business advisers held the view that EP-NATI acutely aligned to business needs in addressing capacity building, customer engagement, delivery of product, innovation and adoption of technology.



This view was supported by programme directors, particularly relating to the improvement of management capability and an increase in business skills and competencies.

Survey respondents that participated in the programme identified that their business needed business growth grants (63%), business evaluation (43%), tourism partnerships (30%) or growth evaluation (30%), only 4% identified a need for supply chain facilitation. The high response for business growth grants could be linked to the implementation of advisory recommendations or attributed to other business growth needs.

Figure 7: Tourism businesses' needs



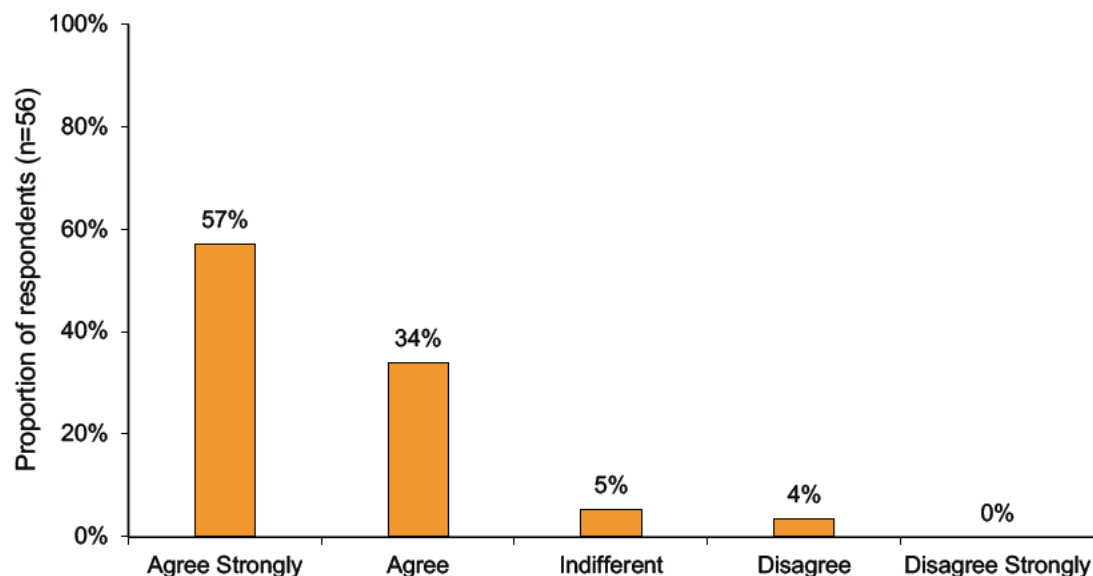
Source: Tourism business survey 'What Entrepreneurs' Programme service did you need for your business?' (5 closed options)

The majority of survey respondents that participated in the programme agreed or agreed strongly that the services offered matched their business needs.



Sourced from ING Image 2020



Figure 8: Alignment of programme services to business needs

Source: Tourism business survey 'The services offered matched the needs of my business' (5 point scale)

A number of survey respondents cited that the most positive part of the programme was the focus on the business's immediate needs.

"The way the initiative was focused on my immediate business needs that will produce real outcomes now, not sometime in the future." (Tourism Business)

- Need for ongoing support

Businesses, business advisers, peak bodies and the programme directors all voiced the need for ongoing support services for tourism businesses in northern Australia.

"Tourism is struggling and we need help like this that is very focused on tourism." (Tourism Business)

"I do work in all sectors of doing this. Tourism is the most needy and has the most benefit apply with this programme." (Business Adviser)

"The non-continuance of the Entrepreneurs' Programme service delivery will leave a massive gap. There isn't anything to fill it." (Programme Director)

"It would have been great to have seen the programme continued." (Peak Body)

2.1. Did the programme have clear and consistent objectives?

Broadly speaking those that managed and delivered the programme were consistent in their description of the objectives and felt that the programme aligned to business needs.



"By definition of what we did, our work would always align with client needs and that's what EP-NATI's about, helping our clients with their needs." (Business Adviser)

The general perception among participating businesses was that advisers were flexible in meeting the specific needs of their business. A few businesses, however, felt that the advice did not add value to their business as the suggested areas of improvement were already known to the business.

"I didn't feel the information returned in our plan was any different or improved than the information we provided to the agent." (Tourism Business)

The objectives of Tourism Partnerships, however, were less clear and were noted as causing confusion.

"The tourism partnership component was absolutely brand-new. I'd been in the role for six months before I knew exactly what they wanted and how to develop the template for what I was supposed to do." (Business Adviser)

Additionally, there was a lack of consistency relating to key performance indicators such as business sign-ups. Targets for business advisers were set by industry partners rather than the programme itself. For example, one business adviser was given the target of 15 sign-ups in a twelve month period while another was given a target of 24. This was further complicated by changes in KPIs during programme delivery which were initially linked to the number of businesses that signed up and changed to number of service completions.

2.2. Could changes to elements of the design have produced a better outcome?

- Specific to tourism industry

Design changes suggested included a programme that is more specific to the tourism industry and consideration being given to geography. Business advisers noted that the eligibility criteria was one-size-fits-all and suggested that a more tailored criteria, suited to tourism businesses in northern Australia, be developed. It was also noted that there was little thought put into how the programme could be delivered in a region that is very regional and remote with vast distances.

- Grant threshold

Changes to the grant threshold from \$20,000 to either \$25,000 or \$30,000 were suggested by business advisers to account for the variable cost of consultants and cost of delivery of services to remote areas. Tourism businesses noted that it cost them three times more to engage a consultant in regional locations and that they would prefer to put the money into the business rather than a consultant.



“What you could use the funding for was too restrictive. Wanted us to engage consultants and pay for subscriptions and when we worked it through [Adviser] had done all the work and we didn't need anything else. We are regional so getting decent consultants is difficult. We can get them in but it triples the cost. And with 50/50 contribution so when we were expanding, we wanted to put that money into the business rather than a consultant.” (Tourism Business)

Business advisers also suggested reviewing the grant threshold, which was considered too high for some businesses. Businesses had to spend \$40,000 to get a \$20,000 grant and many businesses were not turning over sufficient funds to afford participation. This view was supported in the literature which found that the requirement that businesses match grant funding, and the nature of the reimbursement grant model, were identified as prohibitive for some businesses (Hordacre et al., 2018). Two tourism businesses noted that they were unable to participate because they did not have the funding to match the grant. One business did not apply and the other business reported that their application was unsuccessful because of this.

A business adviser suggested that this could be overcome by enabling a cluster of businesses put in smaller amounts of money to share a larger grant sum.

- Timeframe

The timeframe was also raised as a design issue on a couple of points. Programme participants had to wait for five years before they could reapply for funding and get more business advice leading on from implemented changes. A business adviser suggested that this be reduced to three years and the programme directors suggested that rather than a one off grant, stage the grant over a three or four year period to give businesses the ability to implement actions and reprioritise after each action implementation. Both suggestions were provided in response to their experience with tourism businesses in the programme.

Another time related issue was raised by tourism businesses where it was noted that the 12 month timeframe to engage with the adviser, apply for the programme and grant, and complete the paper work on top of running their business, was a challenge and additional time would improve their engagement and access to support.

“Unfortunately some projects take more than a year to complete from concept to implementation in a small business. I understand a year may seem a long time to government but in the eyes of a small business, after almost eight years you sometimes ask yourself what have I achieved - there are lots of little projects, but the major ones take many years to see through to the final stages because you are also trying to make sure your business stays afloat.” (Tourism Business)

- Support during implementation

From an execution perspective it was noted by the programme directors that engagement with businesses during the implementation stage needed to be improved through formalisation and standardisation. Participating tourism businesses also noted that support during the implementation



phase would have been very beneficial. While it was acknowledged that business advisers did a good job of identifying needs, there was little assistance provided to the businesses to implement the changes. Exceptions were noted where, through the initiative of individuals, business advisers raised the profile of the business they were working with.

- Collaboration within the remit of business advisers

Another element suggested by the programme directors and business advisers to improve programme outcomes, was the incorporation of tourism business collaboration into the remit of adviser services. This was thought to improve overall outcomes that could be shared within the network while also providing continued support for businesses.

Programme directors noted the importance of ensuring that any collaborative efforts or support offered is coordinated with existing organisations to utilise existing networks and communication channels.

- Evaluation of outcomes

Evaluating the outcomes of the programme could be improved by consistent reporting requirements through provision of templates, timeframes and development of a single database. This would improve data capture while also enabling advisers to spend more time with clients and less time completing administrative duties.

2.3. *Were the eligibility requirements appropriate?*

Interviews with business advisers, the programme directors and peak bodies noted that Aboriginal and Torres Strait Islander businesses that had been through the CATSI Act, but not registered with ASIC, were initially excluded. This was later amended to enable their participation but other barriers remained in place inhibiting participation including business structure and turnover.

"There is a whole host of Indigenous organisations that have not even gone through the Indigenous Incorporations process, but they are themselves associations or institutions of a different type. The opportunities for tourism to be constructively beneficial to them and their regions is very great and very real, but unfortunately they've been excluded." (Programme Director)

Many small businesses including boat and sail clubs, community clubs and Aboriginal and Torres Strait Islander businesses were structured to be not-for-profit or associations / institutions of another type, which negated their eligibility for the programme despite servicing the tourism sector. Businesses had to be registered for GST, but Christmas and Cocos Island are duty-free islands, which meant that any tourism businesses located on the islands were ineligible for the programme. Business advisers and tourism businesses noted that the emerging tourism sector of Agri-businesses were also ineligible despite being set up as tourism destinations.



"Would love to extend to further industries. Was very specific for who available to. Locked to certain industries but others in these towns could have benefited. Main industry might be towards helping agri sector... Sometimes the business may not have fallen significantly in the sector but perhaps partly in the sector." (Tourism Business)

Additionally, the vast majority of small businesses and Aboriginal and Torres Strait Islander businesses could not meet the \$750,000 turnover threshold, in part due to the seasonality of their work. This criterion alone excluded many small businesses that the programme was designed to help, businesses that were considered major tourism providers. Business advisers suggested different turnover figures ranging from \$300,000 to \$500,000 to increase participation. Tourism businesses noted that many businesses fell short of the \$750,000 threshold and suggested smaller grants be available for businesses with a lower turnover.

Business advisers noted that the combination of these criteria made engagement extremely challenging, despite definite interest from many of those businesses.

2.4. Was the activity undertaken by the most appropriate level of government?

Generally it was thought that government-owned, private sector delivered programmes were advantageous especially given the level of government financial backing. Programme directors cited the programme's success on being a government owned programme and business advisers noted that the programme's delivery by local advisers, and being a free service for businesses, was an advantage.

"And having a government backing, if you like, for free service as far as my service is concerned, that's an advantage." (Business Adviser)

It was questionable, however, whether Austrade was best placed to be involved as business advisers held that view that Austrade doesn't have the capability to develop tourism industry knowledge, which was previously within the remit of peak bodies, such as Tourism Australia.

A number of other business capability programmes of a similar operational size and funding level were found to be more far-reaching in the number of services delivered and businesses impacted. However the service provided by EP-NATI enabled in-depth, comprehensive and ongoing support to businesses that were part of the programme. The differences in programmes available indicate that EP-NATI is being delivered by the most appropriate level of government.



EFFICIENCY

3. Did programme operations and procedures work effectively?

- Marketing and recruitment

Recruitment was achieved through personal effort of advisers contacting businesses directly and while considered effective, may have been more effective with departmental and peak-body marketing. Business advisers noted the challenges clients experienced using the Department's website and suggested better integration with other parts of the wider programme to include short introductions of service offerings at workshops or a highlight in a newsletter.

The survey of tourism businesses (n=56) found that only 4% of businesses became involved in the programme through an online search to the Department's website while 38% of businesses reported that they were approached by a business adviser directly and 32% were referred to the programme by consulting businesses, peak bodies or other businesses.

The low proportion of participating businesses that became involved in the programme through the Department's website (4%), industry events (5%), or peak bodies (7%) signifies that marketing of the programme through these avenues was not effective. Business advisers were successful in recruitment through their own initiative and achieved their industry set targets.

"I found it helpful that the business adviser contacted me directly to notify me of the opportunity otherwise I wouldn't have known about it. I do however think more government agencies should be working together ahead of time to... get more people like me involved." (Tourism Business)

- Grant process

There was an emphasis on the grant aspect of the programme when considering efficiency. Overall the grant application process was considered effective but dependent on adviser support with 73% of participating businesses receiving either 'quite a lot of help on the application' or help for 'most of the application' from the advisers (Tourism business survey).

"Without the adviser it would not have happened due to demands of business and also as application writing 'is not our thing'." (Tourism Business)

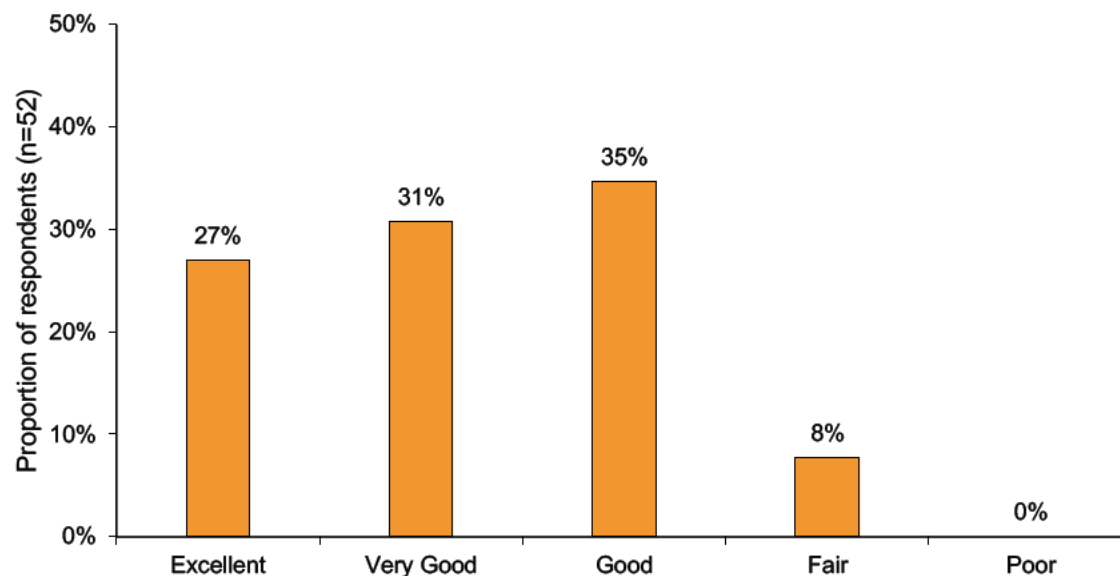


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Tourism businesses rated the application process favourably, as shown in the following figure.

Figure 9: Tourism businesses' views on the application process.



Source: Tourism business survey 'How would you rate the application process overall?' (5 point scale)

When explaining their rating, tourism businesses considered the process simple and adviser assistance invaluable. Issues with the application portal were noted and some considered the application too long and unclear.

Business advisers stated that the grant system of matching dollar-for-dollar was effective in ensuring businesses engaged in the programme but the grant amount required to implement the recommendations was unviable for many small businesses. Early in the programme, there was no minimum grant amount, this was later changed to a minimum of \$2,500 in December 2018. Some businesses reported that matching dollar for dollar was a struggle and suggested that a staggered approach over a longer time period could help overcome the issue. Tourism businesses noted that the need to fund the entire project and receive a reimbursement upon completion was the most challenging aspect of participation.

There was also a perception among tourism businesses that the grant was too restrictive in terms of what the funding could be spent on. While the grant provided funding for advisers or consultants some tourism businesses felt it should also be available for tangible assets such as equipment and vehicles.

"There's definite opportunity for business growth in our business. I just did feel like the grant has a few too many boundaries on it to give us the opportunity to do what we need to do on the ground."

(Tourism Business)

"The hardest thing was fitting the parameters - what we could and couldn't spend our money on."

(Tourism Business)



- Service delivery

In general, service delivery by advisers was viewed as effective by business advisers, the programme directors and participating tourism businesses where 66% rated the assistance provided as excellent or very good in terms of meeting their needs. It was noted, however, that the quality of advice differed from one industry partner to another across the regions. Of note was the flexibility of service delivery in being able to meet client needs.

A service delivery challenge identified by business advisers was the large distances covered and the isolation of some businesses. This resulted in less contact with advisers and also a less personable approach when communicating via phone or skype.

"The difficulty of trying to get to the regions. I can go to the UK currently cheaper than I can go to Longreach from Cairns." (Business Adviser)

This was further compounded by advisers sourcing their own clients and the difficulty of delivering equitably across their region. It was noted, however, that business advisers didn't experience any barriers with their employer funding travel to see clients.

- Action implementation support

Interviews with the programme directors and business advisers found that while business advisers did a good job identifying business needs, there was poor support provided during the implementation stage. This was supported by the survey results where a number of tourism businesses cited action implementation one of their biggest challenges. It was suggested, by the programme directors, that a post action plan be developed and provided to businesses as part of the programme to ensure support around implementation.

- Waiting period for re-application

Business advisers suggested changing the waiting period for re-application from five years to three to enable businesses to forward plan. This was supported by comments in the tourism business survey where respondents cited prioritising actions as one of their biggest challenges along with their need for ongoing support.

- Data capture

Interviews with business advisers found that data capture during the programme was considered as ineffective and captured data perceived as irrelevant by business advisers. It was recommended that outcomes be reported at the end of the business's following season, rather than the season just passed when the adviser was working with the business.

- Follow-up engagement

Programme directors held the view that follow up engagement with participating businesses should be improved. Businesses were contacted 12 months post-engagement to determine how the funds were



used and the impact on the business. Additional follow-up engagements were suggested at 24, 36 and 48 months post-engagement.

Tourism businesses also reported on the lack of follow-up from government to measure outcomes of the programme.

"The funding ceases 2020 and from that point we no longer have that - even a six month follow up to ensure we are still meeting measurements. If you ask somebody to make a case out of matchsticks and you give them \$1mil to do that and in six months' time its fallen apart then it's a waste of money - so follow up to ensure those things the government has invested in to make things better, should be followed up. Just because it's done, doesn't mean it's done. I would love someone to follow up." (Tourism Business)

3.1. *Were there areas in which the programme's operations and procedures could have been more efficient?*

- Grant reimbursement

Interviews with business advisers found that the grant reimbursement process was inefficient and any variation in estimated grand funding at the front-end of a project and reimbursement of varied funding at the back-end caused delays in reimbursement of funds for businesses. This view was supported in survey responses where participating tourism businesses commented on challenges with being involved in the programme.

"I think the final process of acquitting the funding - it was quite a bizarre process of providing all my invoices to the adviser who then invoiced me. The process was a messy, cumbersome process." (Tourism Business)

"It was mainly trying to acquit it at the end. Not that hard, just meeting to try and make sure the areas you were utilising the grant - just because it was a little difficult to grants I'd done before. Once I'd done one, it wasn't that bad." (Tourism Business)

"The process of getting reimbursed is making it hard for new starters to get the cash flow happening in the first place." (Tourism Business)

- Data capture and reporting

Business advisers noted that the Department kept changing reporting requirements meaning that the advisers were constantly re-working information for reports and, subsequently, had less time working with businesses. It was also noted that advisers were required to record the same information more than once. Advisers suggested the use of digital templates (on an iPad for example) for reporting.



"By the time I did all my reports and did everything else, Canberra kept changing the system. They just keep changing it, so you've got to catch up and revise all the reports you've already completed. That's less time I'm working with the business." (Business Adviser)

"You've got to have a certain amount done. But there is no measurement whatsoever. It's purely filling out your CMS sheet and getting on the system, which there's two of. You've got your portal and the CRM. It's just doubling up on everything. We should just have a template on our iPad and then every time we go and see one, we should sit down with them and then the outcomes and what we're doing with them should be recorded on a template, and that's what we're doing and how long we spent there. But there's nothing like that." (Business Adviser)

- Technical issues with submitting applications

Participating tourism businesses noted challenges with generating and submitting applications.

"Unfortunately, the website let us down." (Tourism Business)

"The Portal was a nightmare." (Tourism Business)

"When the online submission portal changes please make sure they are working properly before making them live. It was a nightmare." (Tourism Business)

Several respondents stated that the application was too long and administratively heavy, and others stated that it was quite challenging and parts were unclear, but acknowledged that it was necessary to obtain the in-depth information needed.

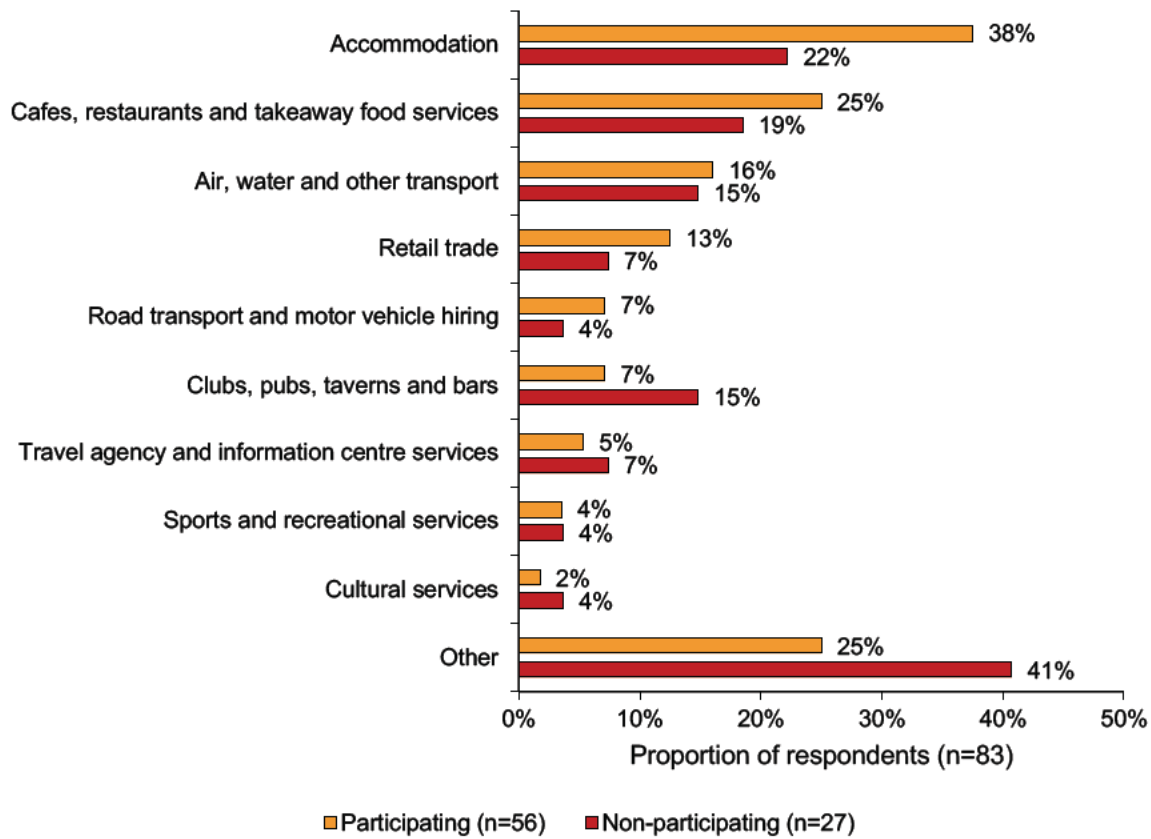
"The hardest and most challenging is all the paperwork side - having to revisit everything. Cos it IS a lot of work - it should be - yes but when you're trying to run a business and then do these additional things as a smaller business it's cumbersome." (Tourism Business)

3.2. *To what extent did the characteristics of applicants (successful and unsuccessful) match those of the programme's intended participants?*

Business advisers held the view that the grant system of matched investment attracted businesses that were motivated to improve or grow, aligning with the programme's intended participants.

Applicants were from a wide-range of tourism business types. The following figure shows business type of survey respondents, both those that participated in the programme and those that did not.



Figure 10: Tourism business types

Source: Tourism business survey 'What is your business type?' Closed options listed above and also included rail transport (0), casinos and other gambling services (0), education and training (0). Note 'other' was not specified.

Interviews with business advisers found that the turnover criteria excluded a lot of the smaller tourism operations that the programme was intended to assist. It was thought that the seasonal nature of businesses in northern Australia was not considered when the turnover threshold was set.

"\$500,000 is stepping stone for a lot of tourism businesses - these businesses missed out due to \$750,000 turnover criteria." (Business Adviser)



3.3. Was the programme over- or under-subscribed?

The KPIs set by industry partners (employers) for the number of business sign ups was perceived as easily attainable due to interest from the tourism sector indicating that the programme was over-subscribed, based on these KPIs. Business advisers commented that it was easy to engage with businesses.

"It was purely just getting on the phone and saying, look, we've got this wonderful programme available, and explain what the ultimate goal was and what the eligibility was and they'd sign up straight away." (Business Adviser)

When comparing the anticipated number of grants (98) to the actual number of grants (142), an additional 44 grants were approved supporting over-subscription.

Figure 11: Grant funding allocation and actual grant funding spent

Grant funding	2015/16	2016/17	2017/18	2018/19	2019/20	Totals
Anticipated number of grants	8	30	30	30	0	98
Actual number of grants	1	7	32	58	44	142
Anticipated grant funding	\$0	\$760,000	\$600,000	\$600,000	\$0	\$1,960,000
Actual grant funding spent	\$4,000	\$56,000	\$343,000	\$582,000	\$750,000	\$1,735,000

Source: Data extracted from programme administrative database up to the 22nd November 2019 - applications for grants were accepted until 31 December 2019 and are not reflected in the above table.

Conversely, grant spending suggests that the programme was not oversubscribed with \$225,000 remaining in allocated grant funding. It is noted however, that this may be allocated to one of the 30 approved grants that have not yet been processed.

3.3.1. If the programme was under-subscribed, were efforts made to increase awareness of the programme among targeted firms or project types?

Not applicable as the programme was over-subscribed based on KPIs and number of allocated grants.

3.3.2. What was the outcome of those efforts?

Not applicable as the programme was over-subscribed based on KPIs and number of allocated grants.

4. Did the programme have sound data collection methodologies?

Business advisers were required to capture turnover and employee numbers of businesses pre- and post- service delivery, the summary of adviser recommendations, how a business fared through



delivery of recommendations, and any key outcomes for the business. This data was entered into a database where advisers had personal access to businesses they engaged with.

There was a perception among business advisers that reporting requirements were frequently changed and that they were having to play catch up, leading to inefficient data capture and doubling up of information. Additionally, advisers noted the requirement to provide weekly reports, but were unsure if these reports were used in any capacity. Data gaps and mismatching data fields for different participating businesses were identified in the database and may be evidence of the changing reporting requirements communicated by advisers. Alternatively, the data gaps may be ascribed to business attrition, advisers not updating the end of engagement financial information, and data entry errors. These issues were identified in a data gap analysis conducted in September 2018 for the Business Management element of the Entrepreneurs' Programme as a whole, which found that a quarter of the end of engagement financial figures were missing or incorrect.

There was also a perception among business advisers that the data collected was irrelevant to outcomes and that there was no measure of successful service delivery. Specifically, advisers suggested that a change in turnover and employee numbers pre- and post- service delivery would not reflect the actual impact of the programme on businesses. The reasons for this are twofold: the impractical timeline of reporting on outcomes, and a lack of face validity in the measures of turnover and employee numbers on business growth or improvement.

In terms of timeline, advisers argued that at the time of completing the reports it was too soon for many businesses to show any tangible outcomes in increased turnover or employee numbers. This was compounded towards the end of the programme when advisers were required to complete outcome reports only months after working with a business and before the business had received a grant. Furthermore, advisers expressed that the reporting timeframe did not take into account the impact of seasonality on tourism businesses operating in northern Australia. It was suggested that instead of recording outcomes at the end of the season in which the adviser had been working with the business, outcomes be recorded at the end of the following tourism season.

“Seasonal operations meant that assist one year, gauge results at the end of the following year for real outcomes wasn't even thought of.” (Business Adviser)

In terms of a lack of face validity, there was a perception among business advisers that the reporting data fields were vague, and the list of growth area options within the internal service delivery tool system did not relate to action plan items developed in working with businesses. Furthermore, it was suggested by business advisers that there was no measure of successful service delivery. Instead, the performance plan set out by the advisers' employers involved KPIs on the number of business sign ups to the programme, the number of action plans delivered, and the number of final reports submitted, rather than outcome measures of successful service delivery. Business advisers were required to record key outcomes in the database for each business, however, the reporting requirements for this were not prescriptive. Additionally, the 2018 data gap analysis made the recommendation that a new KPI be developed for the Tourism Partnerships service - percentage of



tourism partnerships service recipients that develop a new collaborative tourism service or that deepen an existing collaborative tourism service - however, there is no evidence of this having manifested prior to confirmation of the program being closed.

“A lot of the questions we answer for our action plans and things are just not relevant. They’re just... You’ve just got to make something up just to get to the next question.” (Business Adviser)

In addition to changing the timeline of reporting outcomes to reflect seasonality, business advisers also identified other potential improvements to data collection methodologies. One suggestion was to capture profit levels at the beginning and end of the programme for each business. Another suggestion was to employ a marketing professional to identify the amount of funding available to the business, and establish the number of tourists a business can be expected to attract. These inputs could then be measured against as an ongoing outcome measure.



Sourced from ING Image 2020



OUTCOMES AND IMPACT

5. Did the programme achieve its intended outcomes?

5.1. What was the magnitude of the changes that occurred?

Business advisers reported that many businesses benefited from the programme and experienced positive changes, a view supported by the programme directors and survey respondents. Changes included building business management capability, diversifying businesses, improved training and awareness, rebranding and developing marketing and strategic plans with successful outcomes. This led to increased or stabilised turnover, an increase in employee numbers and kept some businesses operating that were on the brink of closure.

Business advisers discussed success with building businesses and management capabilities by evolving their digital systems, implementing new financial management systems and a general increase in the adoption of technology. Addressing the issue of seasonality and facilitating collaboration between businesses helped raise the profile and economic development of the region.

Businesses were given the support and guidance to become part of large contract distribution systems. For example, there was a significant outcome in getting an accommodation business into a distribution system for a business that manages a massive accommodation contract in excess of \$30 million.

Rebranding of businesses enabled growth and expansion. For example, a regional airline evolved from a charter scenic tour business to a regional airline and boasted success due to effective business evaluation and tourism partnership grants obtained through the programme.

"This was a significant engagement as it developed and implemented a total rebranding of the business. It transformed the product from a charter, scenic service to a fully-fledged Regional Airline." (Programme Director)

Tourism businesses noted in the survey that the programme enabled them to move to the next level in the marketing sphere. It gave them a greater understanding of their business, helped improve processes and operations, better understand their customers and enabled growth.

The literature also supported the effectiveness of the programme in supporting businesses in a number of ways including identifying successes, gaps and opportunities, improving digitisation and connectivity of business systems, sales and marketing, building business confidence in decision making and sustainability, and engaging in new markets (Hordacre et al., 2018).



An analysis of financial data shows positive outcomes in terms of increased turnover for participating businesses.

Figure 12: Proportion of programme participants with an increase in post programme turnover

Starting turnover range of programme participants	Participants with increase in turnover pre-post programme	Average change in turnover pre-post programme
\$4,000,000 and below (n=45)	73%	+15%
> \$4,000,000 (n=26)	62%	+2%
Total average (n=71)	69%	+4%

Source: Data extracted from programme administrative database and includes available data of participating businesses with complete pre-post turnover data (n=71). Note that the average change in turnover pre-post programme includes all businesses, including those that remained steady and those that decreased turnover.

The figure shows that 73% of businesses with a starting turnover of \$4 million or less (n=45) achieved an increase in turnover and that the average change in turnover for the 45 businesses was a 15% increase. On average, the change in turnover for the 26 businesses that had a starting turnover greater than \$4 million, was a 2% increase post programme.

The varying levels of recommendation implementation impacted on turnover, as shown by the figure below.

Figure 13. Percentage of recommendations implemented by programme participants and increase in turnover pre-post programme

Recommendations implemented by programme participants	Percentage of participants	Participants with increase in turnover pre-post programme
More than 50% (n=51)	74%	75%
Less than 50% (n=18)	26%	56%
Total (n=69)	100%	70%

Source: Data extracted from programme administrative database and includes available data of participating businesses with complete pre-post turnover data and recommendations data (n=69). A total of 433 recommendations were made across the 69 programme participants.

The figure shows that 74% of participating businesses (n=51) implemented more than 50% of the recommendations and of those, 75% achieved an increase in turnover. In contrast, 26% of participating businesses (n=18) implemented less than 50% of the recommendations and only 56% of those businesses achieved an increase in turnover. As a whole, of the 69 businesses that participated with complete turnover and recommendations data, 70% experienced an increase in turnover post-programme.

Of the remaining 30% that did not experience an increase in turnover post-programme, data from reports written by business advisers suggest that there were a number of factors impeding implementation of recommendations. These included internal factors such as pressure on the



business, management delays or an inability to resource the recommendations and external pressures such as a local down turn in tourism.

Employee numbers was another indicator used to measure programme success. The following figure shows changes in participating business employee numbers pre and post programme.

Figure 14: Change in employee numbers pre-post programme for programme participants with different starting turnovers

Starting turnover of programme participants	Participants with increase in employees	Participants with no change in employees	Participants with decrease in employees
\$4,000,000 and below (n=45)	40%	51%	9%
> \$4,000,000 (n=26)	39%	38%	23%
Total (n=71)	39%	47%	14%

Source: Data extracted from programme administrative database and includes available data of participating businesses with complete pre-post turnover data and employee numbers data (n=71).

The figure shows that 40% of participating businesses with a starting turnover of \$4 million or less (n=45) experienced an increase in employees. This was a similar result for participating businesses with a turnover greater than \$4 million (n=26) where 39% increased employee numbers.

Analysis of turnover based on regions reveal some interesting insights. The following figure provides a summary of change in turnover by region.

Figure 15. Change in turnover for programme participants by region

Region	Participants with increase in turnover pre-post programme	Average change in turnover pre-post programme (all participating businesses)
Queensland (n=37)	73%	+8%
Northern Territory (n=18)	67%	+3%
Western Australia (n=16)	63%	- 8%
Total (n=71)	69%	+4%

Source: Data extracted from programme administrative database and includes available data of participating businesses with complete pre-post turnover data and employee numbers data (n=71). Note that average change in turnover pre-post programme includes all businesses, including those that remained steady and those that decreased turnover.

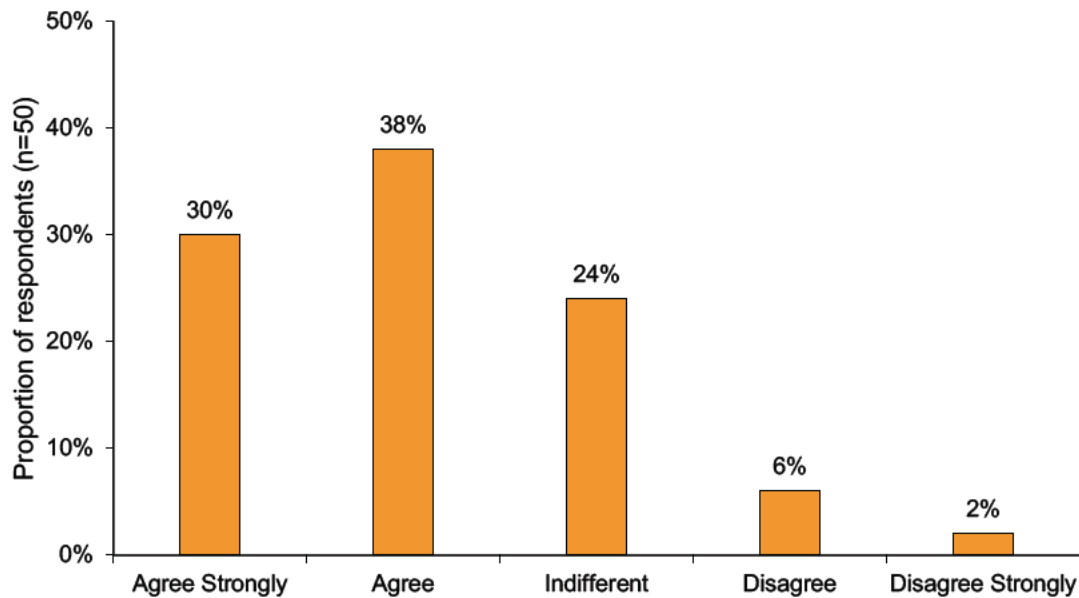
The figure shows that 73% of participating businesses in QLD (n=37) experienced an increase in turnover. The average change in turnover, calculated to include all participating businesses, including those that had not change or experienced a decrease in turnover, was an 8% increase. In the NT, 67% of businesses (n=18) experienced an increased turnover with an average of a 3% increase and in WA, 63% of businesses (n=16) increased their turnover but averaged a decrease of 8%.



Collectively across all regions, 69% of participating businesses with complete pre- and post- turnover data (n=71) experienced an increase in turnover with an overall change in turnover average a 4% increase.

Survey results reveal that participating tourism businesses benefited from the programme.

Figure 16: Proportion of tourism businesses that felt the programme improved their understanding of running a business



Source: Tourism business survey 'The services improved my understanding of how to run my business' (5 point scale).

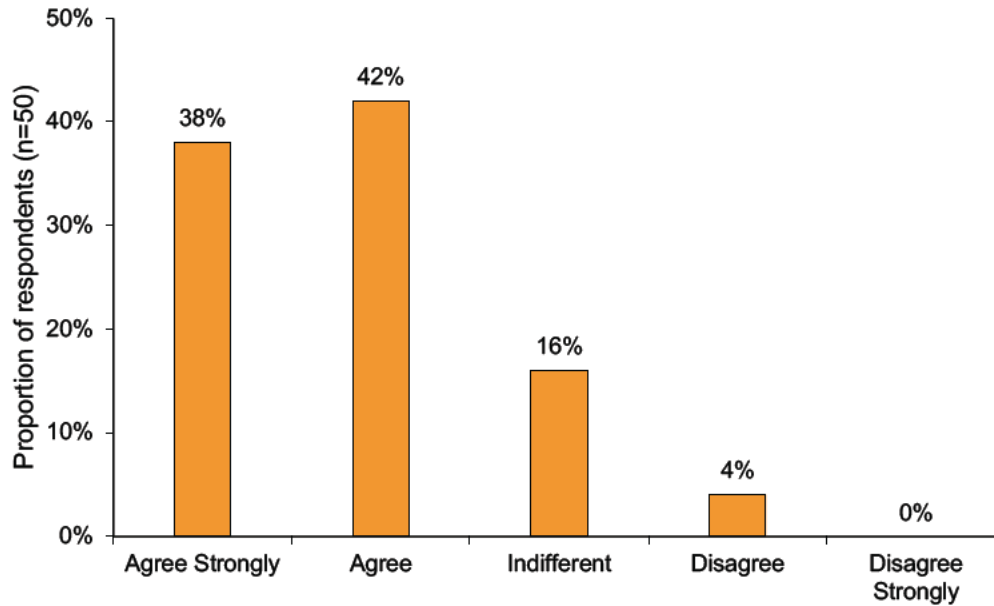
The figure shows that 68% of programme participants (n=50) either agree or strongly agree that the services provided improved their understanding of how to run their business.



Sourced from ING Image 2020



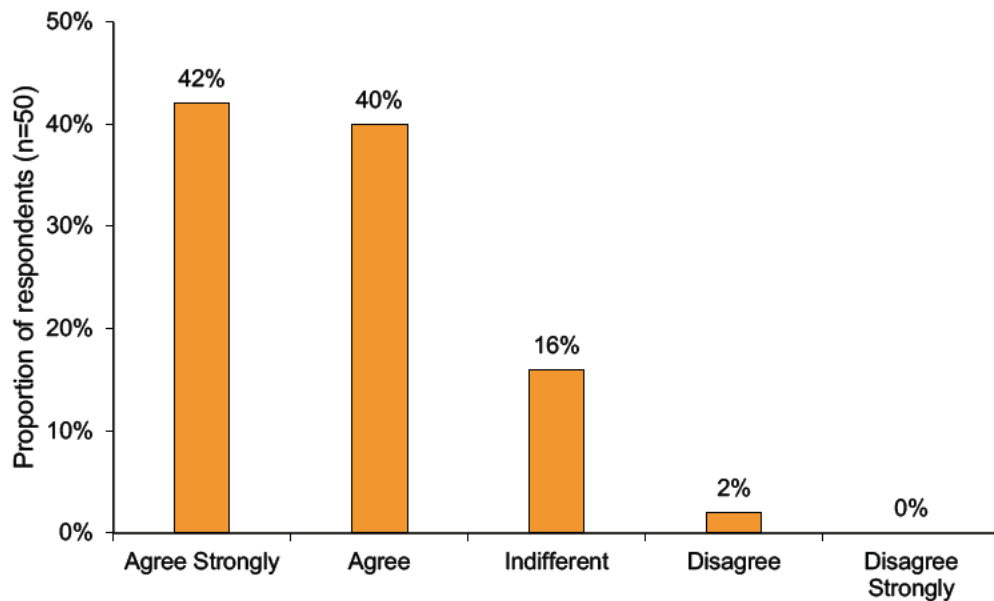
Figure 17: Participants' new knowledge and whether it had a positive impact on running their business



Source: Tourism business survey 'My new knowledge and understanding had a positive impact on my business' (5 point scale).

Eighty percent of programme participants (n=50) agreed or strongly agreed that their new knowledge and understanding gained through the programme, had a positive impact on their business. It was also found that 82% of participants (n=50) held the view that the benefits of participation outweighed the costs of taking part (Figure 18).

Figure 18: Participant view on whether participation outweighed the costs of taking part



Source: Tourism business survey 'The benefits of participating outweighed the costs of taking part' (5 point scale).



*"As a sole owner of a tour company, the support, advice and information received was priceless. This would not have occurred without the financial support and access to a business adviser."
(Tourism Business)*

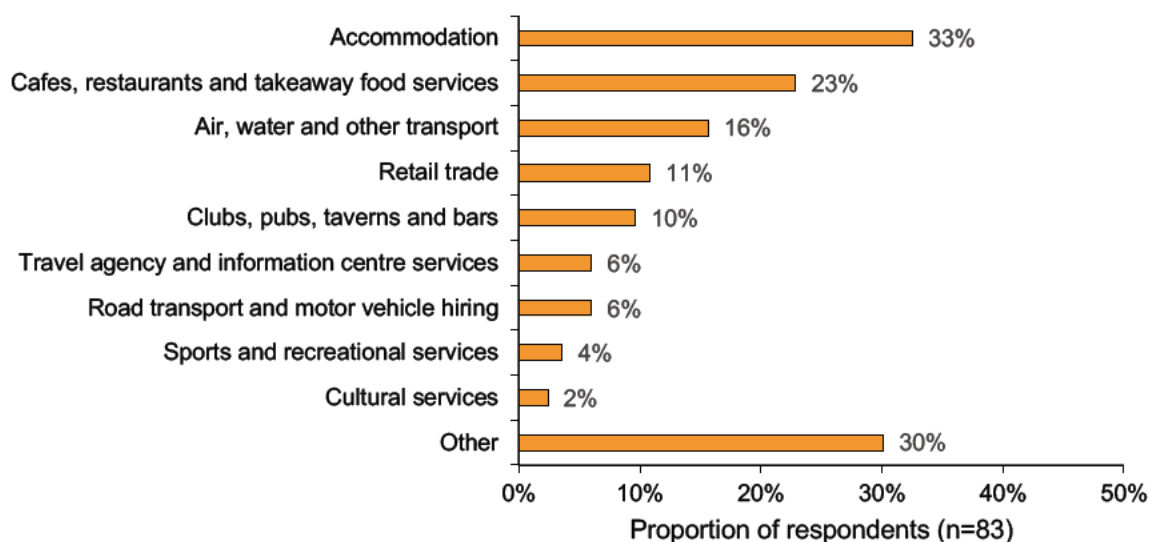
5.2. *What were the characteristics of the programme's participants and/or beneficiaries (size, sector, Indigenous ownership, etc.)?*

It was noted by business advisers that direct and indirect tourism businesses of every business type participated in the programme.

"Pretty much the whole gambit ranging from retail businesses, through to restaurants, through to accommodation, through to boat services, to tour business. I don't think there's any micro niche within tourism that was really excluded." (Business Adviser)

The survey of tourism businesses (both those that did and did not participate in the programme) revealed a range of business types with accommodation being the most selected at 33%.

Figure 19: Tourism business survey showing business type



Source: Tourism business survey 'What is your business type?' Closed options as listed above and included rail transport (0), casinos and other gambling services (0) and education and training (0). Note 'other' was not specified.

Business advisers noted that a large proportion of participating businesses were stagnant and used the programme to reinvigorate while other businesses used the programme to exit effectively either selling or closing the business.

"Approximately five of the estimated 110 businesses were looking at exiting." (Business Adviser)

It was also noted by business advisers that programme participants were generally either very small, with less than five employees or large operations, with more than 20 employees with very few medium sized operations employing between six and 19.



“Mainly the smaller operations got the most assistance.” (Business Adviser)

“No middle ground with very few medium sized operators, either very small and lack planning / management skills or large operations with decent management strategy in place just looking for fresh set of eyes.” (Business Adviser)

Of particular note was the very low participation rate of Aboriginal and Torres Strait Islander businesses. Under programme guidelines, many Indigenous businesses did not qualify. In WA, as many as 35 Aboriginal and Torres Strait Islander businesses wanted to participate but only seven met the turnover eligibility criteria.

In QLD, advisers held the perception that most participating businesses were highly exposed to and marketed specifically to international markets, rather than the domestic market.

5.3. To what extent did the outcomes differ by region or sector?

Business advisers claimed that emerging trends show that outcomes differed more on individual business needs than sector or business type. Survey responses did not reveal any trends in rating of programme or business improvement by region or sector. The few negative ratings were attributed to either the programme still being in progress, issues with the grant process in matching funding or the view that the programme did not understand their business needs.

Turnover outcomes were found to vary within regions whereas employee numbers did not. From the available data of participating EP businesses in the tourism sector with complete data on pre- and post- turnover (n= 71), the average start turnover for businesses in QLD (n=37) was \$6,580,333, and the average end turnover was \$7,083,839, indicating an average 8% increase. In the NT, the average start turnover for businesses (n=18) was \$11,052,570, and the average end turnover was \$11,383,036, indicating an average 3% increase. In WA the average start turnover for businesses (n=16) was \$3,625,931, and the average end turnover was \$3,347,718, indicating an average 8% decrease (DIIS, Extracted Data, 2019).

This data shows that QLD businesses appeared to have the best outcomes for turnover, while NT businesses also experienced a marginal increase in turnover, and WA businesses experienced a decrease in turnover pre-post programme.

When considering the broader elements that could have impacted on turnover beyond the programme, Tourism Australia (2018) reported that from 2013 to 2018 tourism businesses increased by 9.8% in QLD but only 0.5% in the NT. While it was reported that there was an 11.6% increase in WA it was noted that the majority of that growth was within Perth, not northern Australia.

Employee numbers differed slightly by region. From the available data of participating EP businesses in the tourism sector with complete data on pre- and post- employees (n=73), it was found that 47% of WA businesses (n=16) had an increase in employee numbers. This is a positive indicator of growth as the ABS reports a 10% reduction of tourism employment within the North West over the last three years (ABS, 2018). In QLD, 38% of participating tourism businesses (n=37) increased employee



numbers which is on trend, though far greater, than the 8% increase in tourism employment over the last three years (ABS, 2018).

The ABS reports that the NT experienced a growth of 6% in tourism employment over the last three years, while 32% businesses that participated in the programme (n=19) increased employee numbers (DIIS, 2019).

5.4. *What were the main factors contributing to the outcomes?*

A number of factors, found to impact outcomes, were revealed during interviews with business advisers and programme directors and within the survey of participating tourism businesses.

- Businesses' openness to collaboration

Business advisers in WA and QLD held the perception of a culture of non-collaboration and resistance to working together for purposes of regional development. However, another adviser in QLD noted regional tourism businesses are very supportive of one another.

- Level of initiative and commitment from adviser

Programme directors held the view that a lot of business advisers helped raise the profile of businesses, not just in local areas but across the region. Success was attributed to the initiative of advisers, rather than a part of the programme's processes.

Business advisers were found to assist businesses with programme and grant applications, some completing the entire application on behalf of the business to ensure they could participate. This level of assistance and sincere engagement with businesses was perceived, by business advisers, as one of the reasons for success in recruitment. This view was supported by the tourism business survey where 93% of businesses rated the application process as 'excellent', 'very good' or 'good' with the majority receiving assistance with 'most' or 'quite a lot' of the application (73%), while 10% selected that the adviser didn't assist them at all. In contrast, 50% of survey respondents who rated the application process as 'fair', reported that the adviser didn't assist them at all.

- Business resistance to growth

DIIS literature highlighted that some engagements are more difficult when businesses are resistant to change or growth and can be 'somewhat defensive'. Business advisers noted that some businesses already experiencing problems don't want to grow as they fear the problems will get worse.

- Size of participating business

Smaller sized businesses were found to benefit the most from the programme. It was found that 73% of businesses with a starting turnover of \$4 million or less (n=45), achieved an increase in turnover, and the average change in turnover (for the 45 businesses) was a 15% increase. In comparison, 62% of businesses with a starting turnover exceeding \$4 million (n=26) achieved an increase in turnover, and the average change in turnover for the 26 businesses was a 2% increase.



Additionally, 40% of businesses with a starting turnover of \$4 million or less (n=45) experienced an increase in employees and 9% experienced a decrease in employees. In comparison, 39% of businesses with a starting turnover greater than \$4 million (n=26) experienced an increase in employees and 23% experienced a decrease in employees.

- Location, geography or level or remoteness of the business

Isolated businesses had less direct contact with advisers and contact was less personable when communicating via phone or skype.

- Businesses' capacity to receive grant funding

Tourism businesses that participated in the survey highlighted the importance of receiving grant funding to enable growth.

"Through the funding of the Entrepreneurs Programme there has been substantial improvement to our operation, growth, marketing and accounting skills. The mentoring I received could not have been achieved without the government funding. We are a small Tour Company that is restricted by the seasons of the Kimberley region. Our business offers a 12 day tour circumventing the Kimberley, supporting accommodation providers, day tour operators, national parks and others. The improvements to our business in turn supported others." (Tourism Business)

"It's a very valuable and supportive service financially, it helped my business to achieve an important goal which at the time was out of reach due to financial restraints. It allowed my business to move forward and expand our reach on social media platforms to ensure are business stays current and attract new business to our door." (Tourism Business)

- Number of recommendations implemented

Success, based on an increase in turnover, was directly linked to the proportion of recommendations implemented. Analysis was based on 69 participating businesses that had complete data sets containing pre- and post- turnover and recommendations. Those 69 businesses were given a total of 433 management capability recommendations. A total of 74% (n=51) implemented more than 50% of the recommendations and 75% (n=38) of these businesses achieved an increase in turnover. In comparison, 26% (n=18) implemented less than 50% of the recommendations and only 56% (n=10) of these businesses saw an increase in turnover.



5.5. *Did eligibility constraints (turnover threshold, business structure) affect the delivery of outcomes?*

Eligibility constraints excluded a number of key tourism businesses including the vast majority of small businesses, Aboriginal and Torres Strait Islander businesses and providers of tourism infrastructure due to being not-for-profit or community-based businesses.

- Aboriginal and Torres Strait Islander businesses

Business advisers and the programme directors revealed that small Indigenous businesses that were considered to be operating successfully really well didn't qualify for the programme due to criteria around turnover and business structure.

"There's an Indigenous business that owns a holiday park but they didn't qualify. If they did, the development that you could assist them with could be huge. I know that because they actually came to me through the local tourism association." (Business Adviser)

"There is a whole host of Indigenous organisations that have not even gone through the Indigenous Incorporations process, but they are themselves associations or institutions of a different type. The opportunities for tourism to be constructively beneficial to them and their regions is very great and very real, but unfortunately they've been excluded." (Programme Director)

Business advisers suggested that changing the eligibility criteria to be more inclusive of Aboriginal and Torres Strait Islander businesses would greatly benefit cultural tourism.

- Small businesses

Interviews with business advisers identified that \$500,000 is stepping stone for a lot of tourism businesses and, due to turnover eligibility, excluded them from the programme. It was also noted that the turnover criteria pushed advisers to try and assist the bigger businesses which were less likely to benefit as much as the smaller 'mum and dad' run businesses which were thought to account for as much as 90% of businesses in northern Australia.

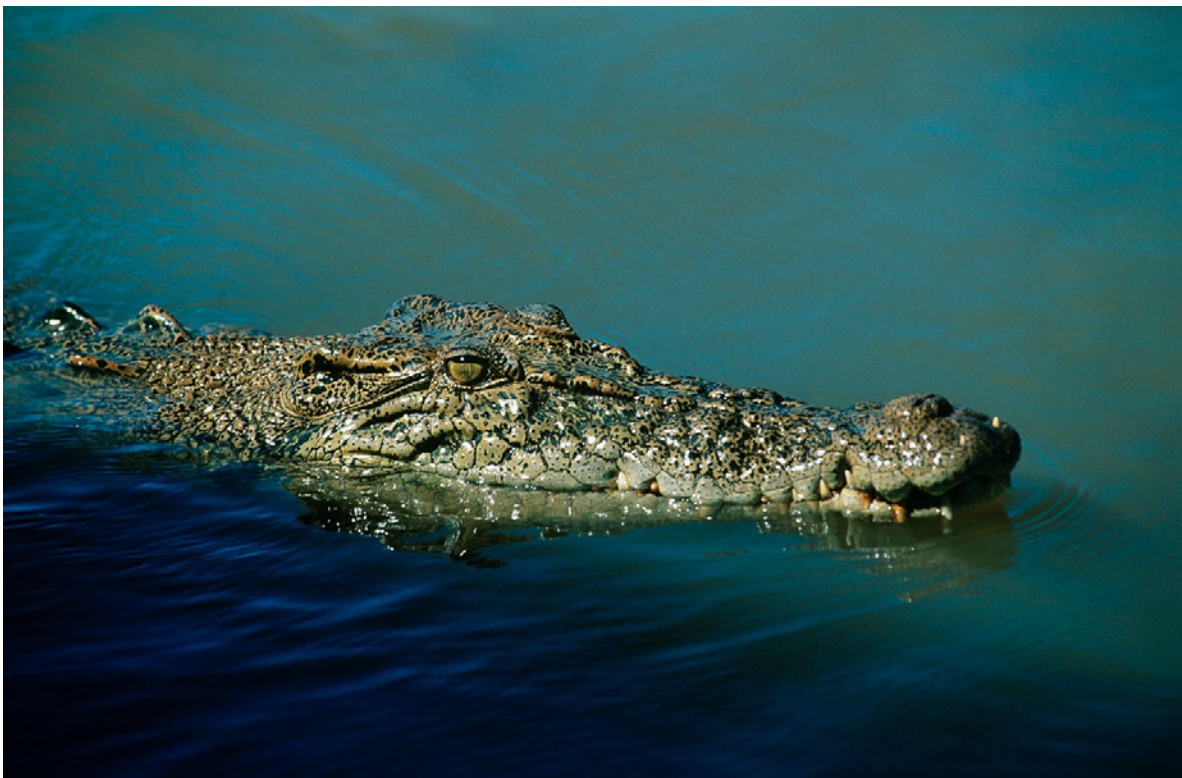
"So through the programme you're not actually benefiting the region as you could - maybe, should, should be the word but could or should - because you're going only for businesses of a certain size and in fact that doesn't work." (Business Adviser)

In 2018, the Joint Standing Committee on Northern Australia recommended that DIIS review, with the aim of amending, the eligibility criteria for the Entrepreneurs' Programme under the Northern Australia Tourism Initiative to enable access for a greater majority of small to medium sized tourism businesses operating in northern Australia, including small tourism businesses that are working in partnership and have developed a tourism package of significant value – this did not happen (Joint Standing Committee on Northern Australia, 2018).



- Providers of tourism infrastructure in smaller townships

Interviews with the programme directors revealed that the ASIC requirement for the programme excluded organisations with different structural arrangements, such as boat and sailing clubs and community clubs which are some of the major providers of tourism infrastructure in smaller townships. Business advisers suggested changing the business structure eligibility to include these vital not-for-profit organisations.



Sourced from ING Image 2020



6. To what extent can the return on investment be quantified for the programme?

The return on investment can be quantified by the dollar-for-dollar matching grant system which duplicated investment in regions, as well as the output of increased turnover to the input of grant funding. Data shows that there is an increase in turnover and employee numbers for participating businesses, however, there is the perception among business advisers that even where business has improved, turnover and employee numbers won't provide an accurate reflection of outcomes.

Figure 20: EP-NATI funding and grant spending

Input	Spending
EP: NATI funding (includes total administrated funding to run the programme)	\$7,600,000
Business funding to match grant funding spend	\$1,735,000
Grant funding spend	\$1,735,000

Source: Data extracted from programme administrative database and includes grants that have been approved and are yet to be paid.

6.1. Was the programme cost-effective?

6.1.1. How did its outcomes compare with similar programmes elsewhere, or with alternative ways of achieving the same outcomes?

- Programme satisfaction

While other programmes are available, both participating and non-participating businesses gave overwhelming support for the services offered by EP-NATI. For example, when asked an open-ended question about what business management support businesses would like to receive in the future, 14 of them explicitly stated that they would like to see the same or a similar programme to EP-NATI (n=83). Additionally, 70% of respondents that participated in EP-NATI (n=50) rated the programme in terms of improving their business as excellent or very good, while 18% rated it as good, 10% as fair, and only 2% as poor. EP-NATI was rated similarly highly to the Tourism Industry Business Capability (TIBC) programme on the usefulness of the programme to participants. The 2018/19 TIBC programme was designed to enable businesses to improve their digital skills in fields to include maximising Facebook/Instagram, be bookable online, planning an online strategy, online review and reputation, increase website traffic, online marketing for events and web basics. A survey found that 95% of survey participants rated the information or guidance provided as useful, while the EP-NATI survey found that 91% of survey participants agreed or strongly agreed that the services offered matched the needs of their business.

- Programme reach

Other business capability building programmes of a similar operational size and funding level appeared to be more far-reaching in the number of services delivered and businesses impacted. For example, the Business Local regional service, a Western Australia-based business advisory outreach



programme servicing 10 regions including the Pilbara, West Kimberley and East Kimberley through six advisers, reportedly provided 10,405 one-to-one advisory services, and created 6,752 action plans to guide individual business owners during 2018-19. Additionally, 4,517 small businesses reportedly accessed the programme for the first time. Similarly, during 2018-19, the Queensland-based TIBC programme reportedly enabled 755 businesses to improve their digital skills, while a total of 1,187 businesses participated in more than 1,190 activities within the programme. On numbers alone, the reach of EP-NATI pales in comparison to these programmes. From the available data, EP-NATI distributed grants to 142 businesses and serviced upwards of 245 individual businesses. However, it is possible that EP-NATI provided more in-depth, comprehensive, and ongoing support to the businesses that it serviced, compared to other similar programmes and, as such, is highly valuable.

- Collaborative design process

Other business capability building programmes were identified as having a greater focus on collaboration in the development of the programme, and positive outcomes were attributed, in part, to this collaborative design process. For example, the TIBC programme was designed and delivered collaboratively with key stakeholders in the tourism industry including a network of regional tourism organisations and local suppliers considered experts in trade and digital capability development. While peak bodies acknowledged the involvement of regional tourism organisations and industry professionals in the delivery of EP-NATI to an extent, it was suggested that involvement could have been far greater, particularly in the design of the programme.

- Appropriate outcome measures

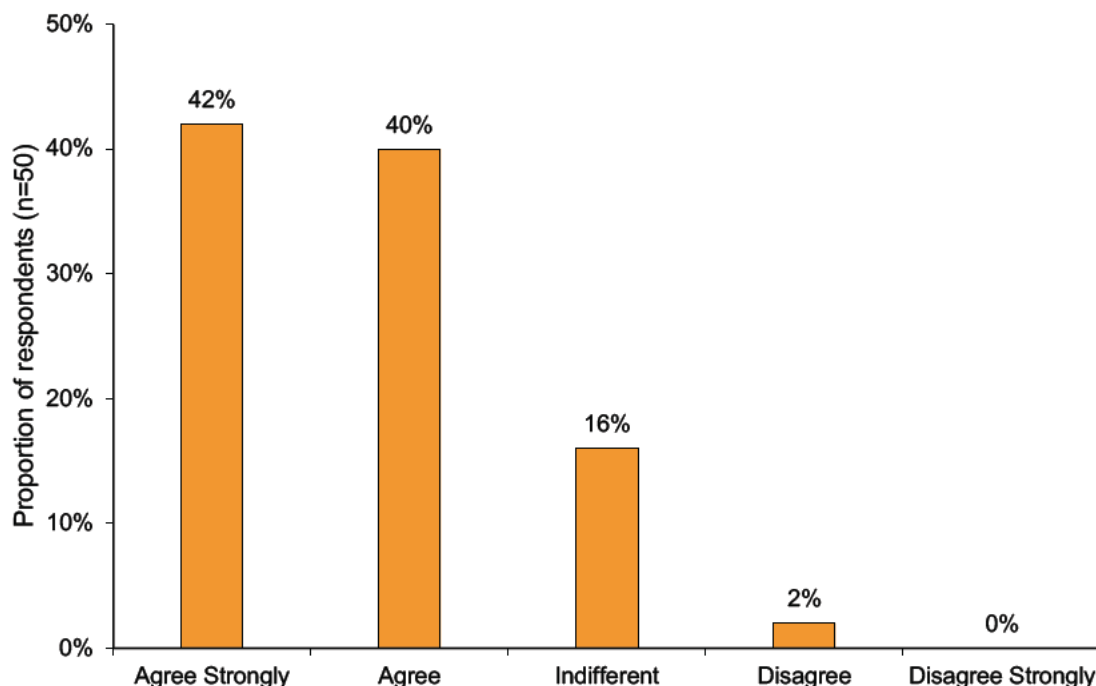
Other programmes, with a greater level of funding and less focus on business capability building, were observed to have relevant and appropriate outcome measures which made it possible to directly evaluate their success. For example, Tourism 2020 set a definitive target for increasing overnight visitor spend, and Tourism NT set a target for increasing visitors. These more tangible outcome measures mean that the funding invested in the programme can be directly evaluated for impact and cost effectiveness.

6.2. To what extent did the benefits of the programme outweigh the costs?

- Perceived benefits to participants

The vast majority of businesses that participated in the programme agreed or strongly agreed that the benefits of participating outweighed the costs. Specifically, 82% of respondents that participated in EP-NATI (n=50) agreed or strongly agreed that the benefits of participating outweighed the costs of taking part, while 16% were indifferent, and only 2% disagreed. Note that costs were not specified in the survey and could include both financial and time costs.



Figure 21: The benefits of participating outweighed the costs of taking part

Source: Tourism Business Survey 'The benefits of participating outweighed the costs of taking part?' (5 point scale)

- Increased turnover

Access to financial information was limited and the data collected by advisers was incomplete, however, from available data it was found that 69% of participating businesses (n=71) had an increase in turnover. The average change in turnover for participating businesses (n=71) was a 4% increase from pre- to post- programme. More strikingly, 73% of participating businesses that started with a turnover of \$4 million or less (n=45) had an increase in turnover. The average change in turnover for participating businesses that started with a turnover of \$4 million or less (n=45) was a 15% increase from pre- to post- programme.

Figure 22: Change in turnover pre-post programme

Starting turnover range of programme participants	Participants with increase in turnover pre-post programme	Average change in turnover pre-post programme
\$4,000,000 and below (n=45)	73%	+15%
> \$4,000,000 (n=26)	62%	+2%
Total average (n=71)	69%	+4%

Source: Data extracted from programme administrative database

Return on investment, based on an increase in turnover, was directly linked to the proportion of recommendations implemented. Analysis was based on 69 participating businesses that had complete data sets containing pre- and post- turnover and recommendations. Those 69 businesses were given a total of 433 management capability recommendations. A total of 74% (n=51) businesses



implemented more than 50% of the recommendations and 75% (n=38) of these businesses achieved an increase in turnover. In comparison, 26% (n=18) of businesses implemented less than 50% of the recommendations and only 56% (n=10) of these saw an increase in turnover.

- Additional employment created

From the available data of participating businesses with complete data sets containing pre- and post-employee numbers and turnover data (n=71), there was an average increase of two FTE employees for businesses from pre- to post- programme. Furthermore, 39% of businesses had an increase in employee numbers pre- to post- programme, while 47% had the same number of employees, and only 14% had a decreased number of employees.

Figure 23: Change in employee numbers pre-post programme

Starting turnover of programme participants	Participants with increase in employees	Participants with no change in employees	Participants with decrease in employees
\$4,000,000 and below (n=45)	40%	51%	9%
> \$4,000,000 (n=26)	39%	38%	23%
Total (n=71)	39%	47%	14%

Source: Data extracted from programme administrative database

- Grant funding

From the available data of participating businesses with complete data on grant funding (n=105), \$1,734,670 was paid in grants, equating to \$3,469,340 invested in the tourism sector in northern Australia through matched grant funding.

From the available data of participating businesses with complete data on grant funding and pre- and post- turnover (n=32), the total grant funding received was a combined \$565,638, and the change in turnover for these businesses was a combined \$15,516,015 increase - an increased turnover output 27 times that of the grant funding input. On average, the grant funding received by these businesses (n=32) was \$17,676, and the average change in turnover was a \$484,875 increase. Out of the 32 businesses with complete grant funding and pre- and post- turnover data, 69% had an increase in turnover, while 80% of those businesses with a starting turnover of \$4 million or less (n=15) had an increase in turnover.



Figure 24: Grant funding input to increase in turnover output for programme participants

Starting turnover of programme participants	Combined grant funding received	Combined increase in turnover
\$4,000,000 and below (n=15)	\$209,437	\$4,815,892
> 4,000,000 (n=17)	\$356,201	\$10,700,123
Total (n=32)	\$565,638	\$15,516,015

Source: Data extracted from programme administrative database

Specific examples of the return on investment of grant funding include a business that received \$33,677 in grant funding and increased their turnover by over \$9,000,000 - a 90% increase on starting turnover, a business that received \$40,000 in grant funding and increased their turnover by over \$1,700,000 - a 51% increase on starting turnover, and a business that received \$9,938 in grant funding and increased their turnover by over \$1,700,000 - a 49% increase on starting turnover. Each of these businesses implemented 50% or more of the recommendations made by advisers.



Sourced from ING Image (2019)



LESSONS LEARNT

7. What, if any, lessons can be drawn from the programme to improve the efficiency or effectiveness of future programmes?

7.1. What went well?

- Recruitment of businesses was viewed as effective and efficient
 - KPIs set by individual industry partners were achieved by business advisers.
 - Business advisers noted that it was easy to get businesses to sign up.
 - Business advisers noted a massive interest in business services within the tourism sector.
 - Advisers would assist or complete business applications for the tourism business to facilitate their involvement.
 - Some advisers were referring businesses to other advisers due to the very high level of interest from businesses.
- Eligible tourism businesses' needs were met
 - Business advisers, the programme directors and peak bodies noted that the programme was acutely aligned to building businesses' capabilities and was, overall, very well done delivering quality service.
 - Participating businesses noted that the flexibility of service delivery enabled business advisers to identify and provide advice to client-specific needs.
 - Survey respondents, that participated in the programme, noted that the services offered and provided by business advisers, matched their business needs.
- Businesses acknowledged the effectiveness and efficiency of advisers
 - Participating businesses cited assistance from their advisers as the most positive or easiest part of the programme. This included working with them one-on-one, the outside perspective that they could provide and their availability.
- Grant system of matching dollar-for-dollar
 - The grant system was effective in ensuring business engagement in the programme and attracted businesses with the right attitude to develop growth.



7.2. What didn't go well?

- Exclusion of businesses due to eligibility criteria
 - Many businesses, for which the concern and opportunity was greatest, were excluded including small businesses and Aboriginal and Torres Strait Islander businesses.
 - Business advisers noted that the programme only focused on businesses of a certain size and excluded small, family owned businesses due to turnover criteria.
 - The vast majority of Aboriginal and Torres Strait Islander businesses were not eligible due to the turnover criteria of \$750,000.
 - Many small businesses were excluded as they did not meet the turnover threshold, often due to the seasonal nature of their business.
 - Many Aboriginal and Torres Strait Islander businesses were not eligible due to the business structure criteria as they were not-for-profit or associations / institutions of another type. This extended to exclude other organisations with different structural arrangements such as not-for-profits, clubs and community organisations.
- Marketing of the programme by Government and peak bodies
 - Business advisers held the view that success was due to their personal efforts rather than through any government or peak body marketing strategies. It is noted, however, that the programme was over-subscribed and therefore did not need additional marketing.
 - The Department's website was noted as difficult to navigate by business advisers and tourism businesses. Tourism businesses often heard about the programme through word of mouth and held the view that the Department should promote these types of programmes more effectively.
- Grant process was challenging and amount available was too restrictive.
 - The application process was heavily administrative and challenging for some businesses.
 - Tourism businesses that participated in the programme, and received the grant, stated that having to pay the full grant money upfront and get reimbursed was the most challenging part of the programme and found it challenging to spend the money first to get their reimbursement upon completion of the programme.
 - Some businesses noted that they did not apply for the grant because the grant process was too complicated or challenging.
 - Businesses held the view that the grant limits businesses to what they can spend funding on.



- Improve data capture for effective monitoring and evaluation
 - Business advisers noted a need for consideration of real outcomes and timelines, meaning that outcomes should be reported at the end of a business's following season, not on the season that has just passed where the adviser was working with them.
 - Reporting requirements changed during programme implementation and meant that advisers were often having to catch up on data collection.
 - Reporting on changes in turnover and employee numbers to measure growth was considered a poor approach by business advisers due to the seasonal nature of many businesses.
 - Successful service delivery was not captured or measured. Any measures related to KPIs, sign-ups and grant approvals.

7.3. *What can be improved and how?*

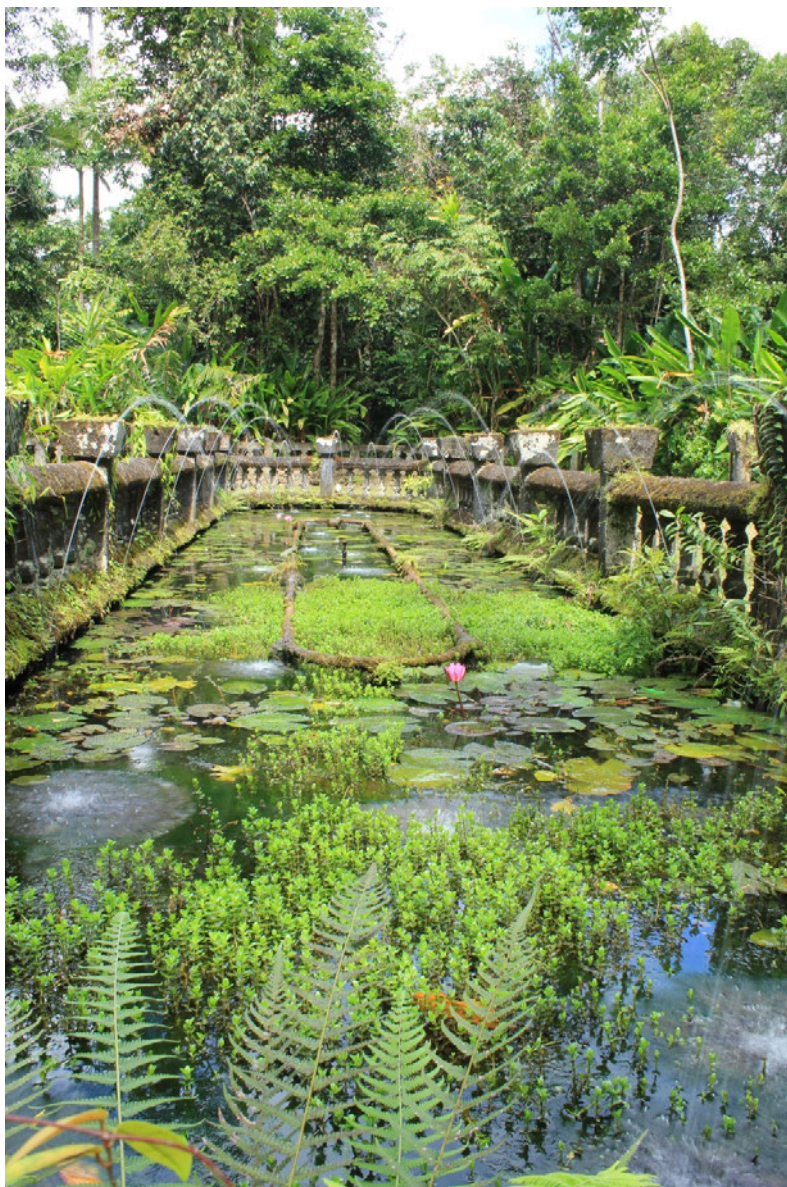
- Eligibility criteria
 - Future programmes could consider a reduction in the turnover threshold. Suggestions were to reduce the amount from \$750,000 to between \$300,000 and \$500,000.
 - Other suggestions included giving consideration to a sliding scale where criteria could be flexible, providing the business was still a good fit for the programme. In addition to this, it was suggested that businesses only get part of the grant under this scheme. The sector director could have discretion to allow businesses to participate, despite not meeting the full criteria.
 - A cluster approach was also suggested where a number of small businesses with lower turnover could apply as a group and share the grant funding.
- Refine the approach to the grant process
 - Address the reimbursement process and, in particular, situations where variation in estimated grant funding and grant acquittal caused delays in payment.
- Develop the region by including a focus on facilitating collaboration between tourism businesses
 - Collaboration allows businesses to come together on a common platform to work towards the achievement of a common goal. It can unlock potential growth of tourism and develop unique and innovative visitor experiences which will benefit the whole region.



- It was suggested that 'facilitating collaboration between tourism businesses' be included in the remit of business advisers for future programmes. It was also suggested to provide tools that encourage collaboration such as formatting template and processes, workshops, memorandum of understanding between businesses, or something similar.
- Refine the programme specifically for tourism businesses in northern Australia
 - Business advisers suggest that the eligibility criteria is one-size-fits-all relic of existing EP. A more revised criteria, specific to regional northern Australia tourism, would enable more businesses to participate.
 - The programme was designed with limited 'on ground' experience taking an existing programme and applying it to a specialised industry, exclusively to northern Australia, where a large portion is very regional and remote. Future programmes need to consider geography and ensure that businesses in very remote locations can be effectively included.
- Reduce waiting periods to receive the same service from the programme
 - Businesses that receive a service and subsequent grant funding are required to wait for five years before they can apply again. It is suggested this be revised, three years was suggested by business advisers.
 - Alternatively, it was suggested to provide the grant in stages over a three or four year period to enable businesses time to reprioritise after each action implementation.
- Introduce a structured approach to the action implementation stage and beyond
 - Business advisers were found to be effective at identifying a business's needs but support during the implementation stage was found to be ad hoc and dependent on an individual business adviser's initiative rather than any process associated with the programme. Where external help was required, businesses struggled with sourcing and engaging with suitable consultants and often gave up.
 - It was suggested that business advisers provide ongoing support to participating businesses throughout the implementation phase and beyond to capture success measures and maintain an ongoing relationship to enable further development and collaboration.
- Resolve issues with the submission portal
 - Technical issues with the portal were identified by a number of survey respondents.



- Data collection
 - Data collection and reporting needs to be prescriptive, mandatory and directly relevant to outcomes for the tourism sector in northern Australia to enable effective, ongoing monitoring and evaluation.
 - It was suggested to capture profit levels pre- and post- programme in addition to turnover.
 - Follow up engagements were suggested beyond the 12 month stage to include 36 and 48 months to measure impact over time.



Sourced from ING Image (2019)



CONCLUDING THOUGHTS

The evaluation's findings and recommendations provide the Department with a number of elements that need consideration in future programs. Design considerations include tourism business specific outcomes, eligibility criteria that account for seasonality and business structure, ambitious and achievable KPIs that are consistent across the regions.

Efficiency considerations include ensuring programme and grant applications are clear and concise, that the programme's submission portal is free of technical issues and that data collection methodologies align with programme objectives and are regularly monitored for accuracy and completion.

Outcome and impact considerations include a formal reporting process at intervals appropriate to northern Australia tourism businesses to effectively track changes post implementation. Consideration should also be given to using reporting templates to ensure data collection is conducted in a consistent way across the regions, while minimising duplication or excessive administration by business advisers.

EP-NATI was successful on a number of levels addressing needs within the tourism sector across northern Australia resulting in business development, growth and maturity. It was found that there is a resounding need for tourism specific business advisory in northern Australia and a critical need to understand and account for some of the unique challenges in delivering and evaluating such services. These include the seasonal nature of tourism in northern Australia, the vast distances and remote locations that business advisers may need to travel and the different types of businesses servicing the tourism industry.



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APPENDIX

INTERVIEW GUIDE: BUSINESS ADVISERS

The first four questions relate principally to the **design** of the Initiative.

1. In your experience, and before NATI began, briefly describe what needs had you identified for the tourism sector in northern Australia?
2. What services were you required to provide under the Northern Australia Tourism Initiative?

Interview note: the following are anticipated responses – unpack to a summary level with a focus on tourism partnerships.

- a. Business evaluation
 - b. Growth services
 - c. Supply chain facilitation
 - d. Tourism partnerships
 - e. Business growth grants
3. To what extent are identified needs and NATI services aligned?
 4. How did you recruit businesses?

Interviewer note: prompting questions to consider

- a. How did you identify eligible businesses in your region?
- b. How did you introduce yourself and the Initiative to eligible businesses? (i.e. email, phone call, organised event)
- c. Tell me about your engagement with Aboriginal or Torres Strait Islander businesses.

Thinking about **efficiency**:

5. What was the success rate for recruitment?

Interviewer note: avoid going into eligibility criteria – will be asked about that later

Considering the **impact** of the Initiative:

6. What types of tourism businesses used your NATI advisory services?

In terms of the **design** of the Initiative:

7. What types of challenges do northern Australian tourism businesses face?
8. What type of business advice was in the highest demand?

The next four questions relate principally to the **outcomes and impact** of the Initiative.

9. Tell me about the tourism businesses that benefited most from your advice and why.
10. Tell me about any region-specific challenges or features that inhibited or assisted your ability to help the businesses?

Interview note: Climate, geography or distance, availability, relationship with adviser



11. What are your thoughts on the eligibility criteria to participate in the Initiative?
12. What are your thoughts on the eligibility criteria to receive a business growth grant?

Thinking about **lessons learnt**:

13. What aspects, if any, of the eligibility criteria to participate or receive funding need consideration for future initiatives?
14. What gaps did you identify in the Initiative?
15. How could a future initiative address those gaps?
16. What challenges need to be considered for any future initiatives delivered in your specific region?

Considering **efficiency** of the Initiative:

17. How was service delivery measured? What data was captured?

Thinking about **outcomes and impact** of the Initiative.

18. What was considered successful service delivery for business management? How was it measured?

Interviewer note: the outcomes are listed below

- a. Participants improve their management skills
- b. Participants improve their business systems and processes
- c. Participants improve their ability to identify and leverage growth opportunities
- d. Participants extend their business networks to increase their market and supply chain participation
- e. Participants improve their business performance

The remaining questions relate to **lessons learnt**.

Thinking about the initiative as a whole:

19. Summarise what went well?
20. What needs improvement?
21. How could it be improved?
22. What else would you like to comment on in relation to the Initiative?



INTERVIEW GUIDE: PROGRAMME DIRECTORS

1. Tell me about the Northern Australia Tourism Initiative
 - a. What needs were identified that prompted the programmes development?
 - b. Why was the programme included within Entrepreneurs' Programme rather than delivered as a stand-alone?
2. In what ways did the delivery of the programme match the needs identified that initiated the programme?
 - a. What were the gaps?
3. From the Department's perspective, what was done well through the initiative?
4. What needs improvement and why?
5. In your view, what ongoing support or initiatives are needed for tourism in Northern Australia? Particularly in relation to business management.
6. What else would you like to comment on relating to the initiative?

INTERVIEW GUIDE: INDUSTRY PEAK BODIES

1. Briefly tell me about the Northern Australia Tourism Initiative from your organisation's perspective
2. Does it link into any of your policies?
3. What are your thoughts on the design of the initiative
4. In your view, what needs did NATI address within your region?
5. What was done well through the initiative?
6. What needs improvement and why?
7. In your view, what ongoing support or initiatives are needed for tourism in Northern Australia? Particularly in relation to business management.
8. What else would you like to comment on relating to the initiative?



ONLINE SURVEY REPRESENTING TOURISM BUSINESSES

Tourism businesses that did and did not participate and non-participating tourism businesses

1. Are you aware of the Entrepreneurs' Programme Northern Australia Tourism Initiative?
2. Yes
3. No (skip to Q25)
4. Did your business take part in the Initiative?
 - a. Yes
 - b. No (skip to Q23)
5. How did you become involved?
 - a. Referred
 - i. What organisation referred you? (open text)
 - b. I approached a business adviser directly (phone call, email, walk-in)
 - c. Industry event
 - i. What was the event? (open text)
 - d. Online search - Business.gov.au
 - e. Other – please detail
6. What Entrepreneurs' Programme services did you need for your business? (list to select)
Please select all that applied.
 - a. Business evaluation
 - b. Supply chain facilitation
 - c. Growth service
 - d. Tourism partnerships
 - e. Business growth grants
7. To what extent did the services offered match the needs of your business? (5 point scale)
8. Please explain your rating? (open text)
9. Did you apply for the Entrepreneurs Programme?
 - a. Yes (skip to Q9)
 - b. No
10. What were your reasons for not applying? (open text) (skip to Q23)
11. To what extent did the NATI adviser help with your application? (5 point scale)



12. How would you rate the application process overall? (5 point scale)
 13. Please explain your rating? (Open text)
 14. Were you successful with your application?
 - a. Yes (skip to Q15)
 - b. No
 15. Do you know why you weren't successful?
 - a. Yes
 - b. No
 16. What was the feedback you received? (open text) (skip to Q25)
 17. Once you were successful in your application and received the grant, how would you rate the assistance provided in terms of meeting your business needs? (5 point scale)
- To what extent do you agree with the following statements:
18. The services improved my understanding of how to run my business (5 point scale)
 19. My new knowledge and understanding had a positive impact on my business (5 point scale)
 20. The benefits of participating outweighed the costs of taking part (5 point scale)
 21. Overall, how would you rate the Initiative / service in terms of improving your business? (5 point scale)
 22. Please explain your rating? (open text)
 23. What was the hardest, most challenging or worst part of being involved in the Initiative? (open text)
 24. What was the easiest or best part of being involved in the Initiative? (open text)
 25. Did you want to take part in the Initiative? (yes/no)
 26. What was the reason you didn't take part in the Initiative?
 - a. The business wasn't eligible
 - b. We didn't need assistance
 - c. The grant process was too complicated / hard / challenging
 - d. The business didn't have the funding to match the grant
 - e. Other (open text)
 27. If a business management initiative was developed in the future, what type of support would you like to receive? (open text)
 28. What other comments would you like to add? (open text)



29. What is your industry type?
30. Accommodation
31. Cafes, restaurants and takeaway food services
32. Clubs, pubs, taverns and bars
33. Rail transport
34. Road transport and motor vehicle hiring
35. Air, water and other transport
36. Travel agency and information centre services
37. Cultural services
38. Casinos and other gambling services
39. Sports and recreational services
40. Retail trade
41. Education and training
42. All other industries
43. Where is your business located? (town / state)
44. There may be an opportunity for some businesses that received services through the Entrepreneurs' Programme to be represented as a case study in the evaluation report. Would you like to be considered as a case study? Your involvement would entail an in-depth interview with one of our consultants walking us through your experience. Please select 'yes' to be considered, 'no' if you are not interested or 'maybe' if you would like more information and we will be in touch (yes/maybe/no).
45. What is the name of your business?
46. Please provide your name.
47. Please provide your best contact number to discuss your possible participation as a case study.

