

Macedon Ranges Business Centre Feasibility Study

MACEDON RANGES SHIRE COUNCIL

SEPTEMBER 2011



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GLOSSARY OF TERMS

Macedon Ranges Business Centre -The Macedon Ranges Business Centre will serve as a key economic development tool to accelerate the growth and success of the Macedon Ranges Shire business community.

AusIndustry - Australian Government Department of Innovation, Industry, Science & Research. This Commonwealth Department has been responsible for the majority of federal funding to support the establishment of Business Centres.

Business Incubator (BI) or Business Centre (BC) - an economic development tool designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services. A business incubator's main goal is to produce successful firms that will leave the program financially viable and freestanding. The literature review has shown the terms 'business centres' and 'business incubators' are used interchangeably; however, there exists a commercial preference for using the term 'business centre' as it is more connotative of professionalism and independence, rather than 'business incubators', which is connotative of younger less experienced businesses that require assistance. **In this study the term Business Centre will be used in preference of Business Incubator.**

Business Enterprise Centres (BECs) - community based not-for-profit business assistance organisations that are incorporated and supported by a local board of management (usually local business owners themselves), under the membership of BEC Australia. Through membership with BEC Australia, BECs can access public/private partnerships with governments, private enterprise and local communities across Australia, to provide practical confidential business facilitation services.

Brunswick Business Incubator (BBI) - The Brunswick Business Incubator provides a successful local model of a financially self-sustaining business centre.

Home-based businesses (HBB) - home based businesses are a critical consideration in this study as they often make up the majority of new business entrants into a business centre.

Business Innovation and Incubation Australia (BIIA) - an association of business incubators/centres and people interested in business incubation which sets best practice standards for the incubator industry in Australia.

Virtual Incubator or Virtual Centre - a tailored model of the business centre, that provides low cost support services, access to shared equipment and networking opportunities to business operators, without requiring members to relocate on-site to the centre.

Anchor Tenants - the first and leading tenant whose prestige and name recognition attracts other tenants. Anchor tenants generally pay commercial rates to supplement on-going operations of business centres. Business centres also utilise anchor tenants whose services may compliment the needs of the other tenants (such as accountants, lawyers and government departments).

Virtual Tenants - members of the virtual incubator/centre who pay a monthly fee for use and access to administrative services, professional services and some infrastructure services (such as meeting room space).

Infrastructure Services - the provision for subsidised and developed commercial sites, general office facilities, meeting and conference rooms, business reference libraries, telephone and video conferencing technologies; computer servers and internet access; online web presence.

Administrative Services - the provision for telephone answering services, secretarial support, translations; photocopier, fax and scanning; mailroom and distribution services.

Professional Services - business and management advice specifically tax and financial planning, legal services, intellectual property advice; mentoring, training and recruitment; accounting services; loan packaging; marketing and advertising; and business referrals.

Workspace Australia. Workspace provides flexible workspace and business support services to new start up or expanding small businesses. Economical rental, low start-up costs and easy entry/exit terms and business advice and support gives small businesses a major help along when first establishing. It achieves its cash flow to employ staff and operate premises through the collection of licence fees.

EXECUTIVE SUMMARY

WHAT IS A BUSINESS CENTRE?

Business centres provide a large and varied number of services, depending on the type of business centre. For the purposes of this report, services provided will be designated into three categories:

- Infrastructure services - the provision for subsidised and developed commercial sites, general office facilities, meeting and conference rooms, business reference libraries, telephone and video conferencing technologies; computer servers and internet access; online web presence;
- Administrative services - the provision for telephone answering services, secretarial support, language translations services; photocopier, fax and scanning; mailroom and distribution advice;
- Professional services - business and management advice specifically tax and financial planning, legal services, intellectual property advice; mentoring, training and recruitment; accounting services; loan packaging; marketing and advertising.

BUSINESS CENTRE SUCCESS FACTORS

The following are key considerations for the establishment of the Macedon Ranges Business Centre. These have been identified through analysis of existing literature and consultation with business centres throughout Victoria. In particular, business centres:

- Should operate within a complementary and prominent business environment/cluster/precinct;
- Should consider the appointment of a committed board of directors offering a broad range of management and business skills;
- Should be located in a prominent and high exposure location to assist with marketing of the centre;
- Must have funding support in the short term (1-4 years) before it can attain the critical mass of tenants to achieve self-sufficiency;
- Cannot be commercially viable if required to pay commercial leases or generate a return on investment;
- Must achieve greater than 60%, and consistently close to 70%, occupancy ratio to remain viable;
- Must be established within a sufficient population catchment and must be in close proximity to suitable/affordable buildings for tenants to graduate to;
- Should consider offering a range of office space sizes to meet different business needs;
- Usually require anchor tenants to offset expenses; these are established businesses which pay a full commercial lease;
- Have strong Networks and Partnerships - memberships through BEC Australia and partnerships with other government organisations (Small Business Victoria);
- Should have Shire support in facility establishment, either in capital or in-kind (buildings/equipment);

- Include potential for other revenue streams: anchor tenants, lease of meeting rooms/conference facilities; and
- Must undertake effective marketing of the facility to the targeted sector to ensure businesses are aware of the opportunity.

DEMAND

Demand for a business centre in Macedon Ranges Shire will be derived from:

- Existing home based businesses; and
- Start up businesses.

BUSINESS CENTRE CATCHMENT AREA

The economic data for Macedon Ranges Shire highlights that the majority of population and businesses (around 60% of businesses and residents) are located in the Calder Highway towns of Gisborne, Woodend and Kyneton. Clearly this demonstrates that the greatest localised demand for a business centre would be in the Calder Highway precinct of the Shire.

In addition, a business centre in the Calder Highway precinct may draw on demand from Melbourne's northern growth areas and other peri-urban settlements. In particular, areas such as Sunbury, Taylors Lakes, Diggers Rest, Melton and Bacchus Marsh are within 20 minutes drive of Gisborne. Overall, the potential population catchment for a business centre located along the Calder Highway in either Woodend or Gisborne would be in excess of 100,000 residents. Proximity within a large catchment area is critical for the business centre to access a sufficient pool of potential incubating tenants; this will maximize and localize the growth in employment and expenditure of these businesses in Macedon Ranges Shire.

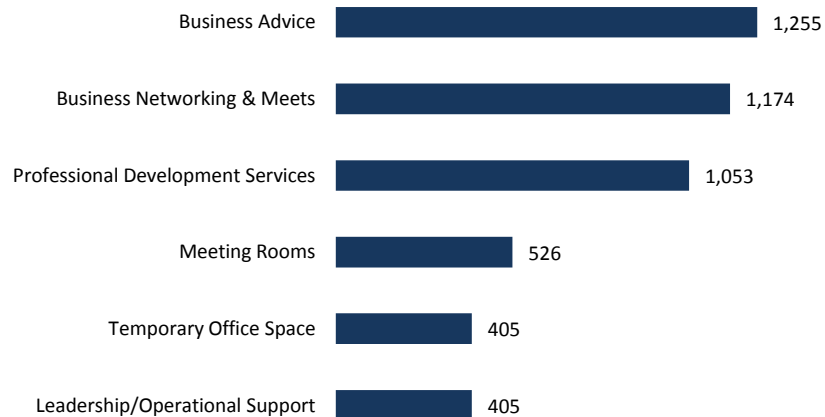
START-UP BUSINESSES

New start-up businesses will be a target for a business centre in the Macedon Ranges, these businesses can be identified through assessment of the Australian Business Register, accessed by Council on an annual basis. Analysis shows that around 2,500 new businesses are registered each year in the Macedon Ranges Shire. Some of these businesses will be legitimate candidates for membership to a business centre.

HOME BASED BUSINESSES

Demand for business centre services was estimated from extrapolation of the Macedon Ranges Business database with findings from the Macedon Ranges Business Survey.

TABLE 1 DEMAND FOR KEY BUSINESS CENTRE SERVICES, BY HOME-BASED BUSINESSES



The survey of businesses in the Macedon Ranges Shire shows positive growth in the income of the home-based business sector. This is supported by consultations with home-based businesses; all businesses interviewed saw strong positive increases in revenue from operations. Council has an opportunity to facilitate growth in this industry through establishing a business centre particularly in areas of:

- Providing business advice, professional development services and advice on government services;
- Providing networking, meetings and (especially) group consultative sessions;
- Providing business workshops (especially in assisting home-based business in marketing strategies and expanding their customer base);
- Providing administrative services, such as phone messaging, printing and photocopying; and
- Providing temporary meeting/conference room space.

Data shows the need for business advice, business networking and meetings, and professional development services outweighs the need for physical infrastructure. This highlights the need for a business centre that has virtual members while having access to professional development services (business advice, networking, etc.).

Anecdotal evidence shows business interest in joining a virtual business centre, with access to administrative services and professional business services. The consultations with home-based businesses also revealed an interest in accessing temporary office space; businesses stressed the need for a 'flexible transition' into such a facility by 'trying' other services first through a virtual centre.

MACEDON RANGES BUSINESS CENTRE CONCEPT

The Macedon Ranges Business Centre would ideally be located either in Woodend or Gisborne, dependent on the availability of an appropriate building that can be offered at a peppercorn lease rate.

There exists opportunities for Council to partner with an existing organization with experience in regional business centre management and business advisory services to manage the proposed Macedon Ranges Business Centre. Acquiring management with local insight and experience in providing for business needs will contribute to the success of the business centre and its tenants as a whole.

Facilities and services required and currently delivered by existing providers (Woodend Business Centre and Workspace Australia, New Gisborne) are identified below. This highlights the gaps in provision of subsidised services to businesses in the Macedon Ranges Shire.

FACILITIES REQUIRED – MATCHED TO EXISTING FACILITIES OFFERED IN MACEDON RANGES SHIRE

Services/Facilities Required	Area Required m2	Woodend Business Centre	Workspace Australia (New Gisborne)	Workspace Australia (Eaglehawk Head Office)
Administrative front desk, entry/foyer, lobby and reception area	40	√		√
Offices for administrative staff and centre manager	25			√
Phone support, messaging and mail services	10			
Photocopying and printing facilities	10	√		√
Meeting room facilities (3 small 10m2 rooms and 1 large 100m2 room), available to virtual tenants as well the general business sector	100	√*		√
2 - 3 hot desk areas, available to virtual tenants	25	√		
Virtual centre website facilities (including member listing and description of services and online accounts with access to business information and research)	-		√	√
Provision for business workshops for virtual tenants	-			√
Provision of mentoring and business advisory services for virtual tenants	-			√
Virtual centre networking meetings, events and group consultative sessions	-			
Subsidised office facilities (13 incubating tenants and 3 anchor tenants)	350			√

√ -if services/facilities currently provided; * Does not provide for the full area space required

MACEDON RANGES BUSINESS CENTRE FINANCIAL ASSESSMENT

A financial assessment has been prepared to understand Council's required commitment to support the Macedon Ranges Business Centre for start-up and home based business.

This assessment assumes operating costs for a new council operated business centre. It is understood that partnering with an existing business centre may achieve improved finances through increasing economies of scale. There are a number of existing business centres which are financially self-sustainable such as Workspace Australia and Brunswick Business Incubator. This financial self-sustainability is achieved through larger economies of scale.

Assuming that a fully subsidised building facility is found to accommodate the centre, the costs of the proposed concept is estimated at \$280,000 for a new council operated business centre.

A 20 year cash flow has been prepared for the Macedon Ranges Business Centre. This analysis shows that a council commitment of around \$100,000 per annum would be required to support a new start up business centre operated by Council.

1. INTRODUCTION

1.1. BACKGROUND

Urban Enterprise was engaged by Macedon Ranges Shire Council in March 2011 to identify and analyse the opportunity to develop a business centre in the Macedon Ranges.

Specifically, the brief identifies the following outcomes relevant to the feasibility study:

- Detailed needs analysis of home based business (including opportunity and constraints);
- Constraints and opportunities analysis for a business centre located in the Macedon Ranges Shire; and
- Identified services that would be required if demand is proven for a business centre and what location (in order) would be most beneficial.

1.2. PROJECT SCOPE

Recent research by the Shire suggests that around 53% of businesses in Macedon Ranges are home based businesses. Past discussions with businesses suggests that there is opportunity to engage further with the home based business sector and provide services to help nurture and grow home based business and start up business.

Whilst this study will not only focus on home based business, the guidelines for business centre membership match best with those businesses that are operating from home.

1.3. DEFINING A BUSINESS INCUBATOR OR BUSINESS CENTRE

Business centres provide a large and varied number of services, depending on the type of business centre. For the purposes of this report, services provided will be designated into three categories:

- Infrastructure services - the provision for subsidised and developed commercial sites, general office facilities, meeting and conference rooms, business reference libraries, telephone and video conferencing technologies; computer servers and internet access; online web presence;
- Administrative services - the provision for telephone answering services, secretarial support, language translations services; photocopier, fax and scanning; mailroom and distribution advice;
- Professional services - business and management advice specifically tax and financial planning, legal services, intellectual property advice; mentoring, training and recruitment; accounting services; loan packaging; marketing and advertising.

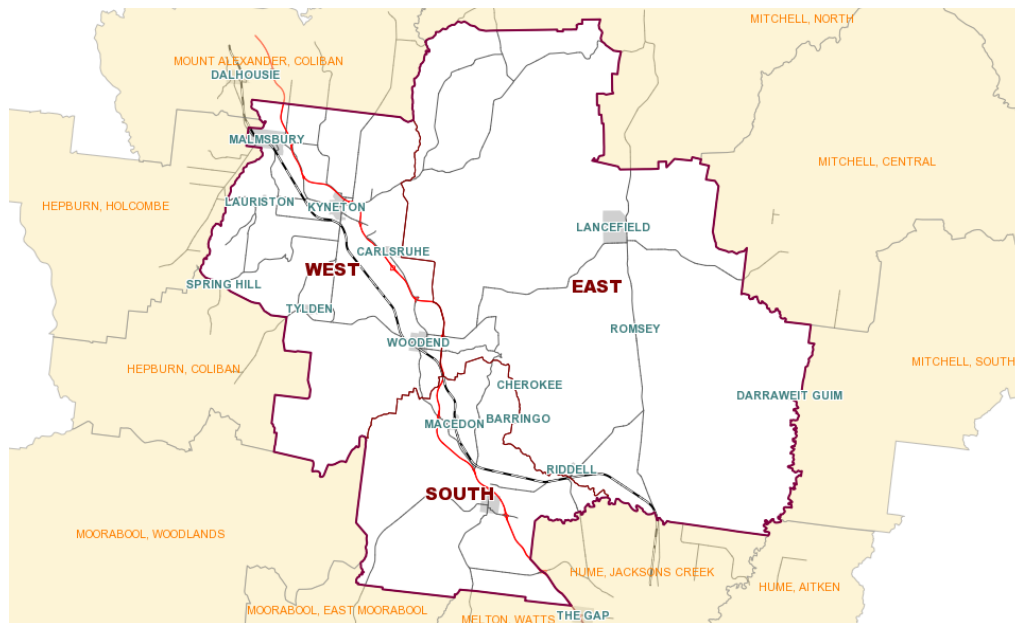
1.4. APPROACH



1.5. LOCATION

Macedon Ranges Shire is located approximately 50km north west of Melbourne, accessible via the Calder Freeway.

There are nine major townships within the Shire, namely Gisborne, Kyneton, Woodend, Romsey, Riddells Creek, Macedon, Lancefield, Mount Macedon, and Malmsbury. Of these, Gisborne, Kyneton, Woodend and Romsey are the largest four in terms of population and industry. These townships and their locations are identified in Figure 1. Map of Macedon Ranges Shire and Localities



UNDERSTANDING BUSINESS CENTRES

1.6. INTRODUCTION

This section provides a background understanding to Business Centres. The focus of this section is to draw on existing experience and expertise associated with the Business Centre industry through a review of existing literature and case studies of operational Victorian Business Centres. Consultation with key business centre associations and number of existing business centres was undertaken through phone and face to face interviews to inform this section.

1.7. KEY ASSOCIATIONS

There are a number of organisations which provide core services and set policy for business centres in Australia.

1.7.1. BEC AUSTRALIA

Business Enterprise Centres Australia is a community-based not-for-profit business assistance organisation that is incorporated and is supported by a local board of management. They are designed to facilitate the creation, retention and development of sustainable business enterprises and foster local economic development.

BECs through public/private partnerships with governments, private enterprise and local communities across Australia provide practical confidential business facilitation services. Additionally, these partnerships provide BEC clients access to additional professional services and government programs.

Consultation with the Treasurer of BEC Victoria and Centre Manager for Ballarat Eureka Business Centre indicate that BEC Victoria has an interest in assisting in the development of the Macedon Ranges Business Centre. Discussions revealed that viability can be achieved through development of a virtual business centre and office-space incubation services (refer to Section 4 Macedon Ranges Business Centre Concept and Delivery Matrix).

Consultations revealed that there is currently no federal funding available (from AusIndustry) for the development of a business centre. As such, Council funding will be critical in establishing the business centre; furthermore, it is recommended that the business centre be established in an existing Council-owned building, in order to minimise the costs of establishment.

Most notably, 49% of all Australian business centres are members within Business Enterprise Centres (BECs). Management responsibility may be shared or combined, relative to both the BEC and BI; business centre case studies show that business centre managers are often members of BEC Australia themselves. Within Victoria itself, there are several business centres that are BEC Australia members. .

According to Business Enterprise Centres Australia, BECs are defined as:

“community-based not-for-profit business assistance organisations that are incorporated and supported by a local board of management. They are designed to facilitate the creation, retention and development of sustainable business enterprises and foster local economic development. BECs (through their successful public/private partnerships with governments, private enterprise and local communities across Australia) provide practical confidential business facilitation services.”¹

In general, BECs provide for professional services while partnering within the business centres, which provide the infrastructure and administrative services. Business centre members are often members of BEC Australia (as seen in the business centre case studies). BEC-member business centre tends to be more successful when:

- Operating within a complementary and prominent business environment, or cluster, technology precinct;
- Closely connected with a place of higher education;
- Areas of high exposure, busy and prominent; and
- Offer additional services to remote and virtual business centre tenants.

1.7.2. BUSINESS INNOVATION AND INCUBATION AUSTRALIA

Business Innovation and Incubation Australia (BIIA) is an association of business incubators/centres and people interested in the business incubation which sets best practice standards for the incubator industry in Australia. The BIIA supports its members and the incubator industry with promotion, information and attracting external sponsors. The (BIIA) segments business centres into several models:

- Standard Independent Model - 1,500 to 2000m² of usable space, main designed for industrial uses;
- Embedded Model - smaller incubators dependent on another organisation for some of its operations;
- Virtual Centre - which uses electronic and visiting services (access to temporary meeting and conference room space and administrative services);
- Special Purpose Model - industry specific incubators (e.g. high-technology, food production or aquaculture); and
- Networked Incubators - incubators at geographically different sites that are either owned or operated by the same organisation, share business advisory staff or share business administration staff.

BIIA highlights the following as the core roles of business centres in Australia:

- The availability of entrepreneurial training;
- The provision of business advice;
- The facilitation of financial support;

¹Business Enterprise Australia: <http://www.becaustalia.org.au/index.php?page=faq>

- Facilitating seed capital or providing subsidised leases; and
- Access to technology support.

1.8. BUSINESS CENTRE CASE STUDIES

The following section provides an overview of the successful Victorian business centres, including: the Greater Shepparton Business Centre, the Wimmera Business Centre, the Brunswick Business Incubator and the Woodend Business Centre.

1.8.1. WORKSPACE AUSTRALIA

WorkSpace Australia is a not for profit organisation focussed on coordinated development and provision of flexible workspaces and business support services in regional Victoria. The organisation manages seven business centres located at Bendigo, Castlemaine, Donald, Dunolly, Eaglehawk, New Gisborne and Maldon. WorkSpace Australia is a member of BEC Australia as well as maintaining strong partnership linkages through the organisations the membership also allows for each of the seven business centres under its management to source small business support from other business centres through the BEC membership.

Consultations with WorkSpace Australia reveal the organisations and its business centres are self-sustainable (financing on-going operations through commercial leases); however, building facilities themselves were government provided (usually by Council or developed through funding from AusIndustry) and are leased to WorkSpace Australia at a peppercorn rent. The organisation has four full time staff who manage the seven business centres. Assistance to incubating small business are provided through organised workshops/seminars and professional business advice.

Consultations further reveal that WorkSpace Australia manages a business centre within New Gisborne, with a focus on light industrial business. The headquarters for the organisation are in Eaglehawk, this is also where the majority of business consulting, workshops and training is undertaken.

1.8.2. GREATER SHEPPARTON BUSINESS CENTRE (GSBC)

HISTORY AND ORGANIZATIONAL STRUCTURE

The Greater Shepparton Business Centre was established in 1999. Servicing a population catchment of 59,972 residents, the GSBC comprises 16 office spaces and 6 light industrial spaces. In addition to these services, the centre provides meeting facilities, training rooms and secretarial services. . Virtual tenancies are available for businesses, providing them with the flexibility and benefit of full secretarial services, access to temporary office space, meeting and training spaces.

The centre is managed by Geoff Hay; under the current administration and is subsidised by Council, the centre is closely associated with BEC Australia, which provides additional professional and training services as well as access to a nation-wide network of business centres and businesses.

The business centre serves the primary purpose of acting as a 'safety net' for business transitioning from an infancy stage or home environment to the Shepparton 'main street'. There exists no other facility that is able to service this transitioning phase of businesses; as such, the business centre infrastructure services is of key economic importance in sustaining growth and employment amongst the Shepparton home-based business and small business sectors.

It is noted that years of drought and the GFC have dampened growth in home-based business use of the centre. As the economy continues to see positive growth, the business centre will reposition itself more as a business incubator (providing focused professional advisory and administrative services) in addition to its current focus in providing infrastructure 'safety nets' (meeting rooms, subsidised lease, etc.).

TARGET BUSINESSES

The centre is designed to assist home based business and start-up business in growth phases of their business cycle. After a series of interviews and reviews of their business plans, commercial licenses are delegated for up to a maximum of three years; some tenants may require more time above the license agreement, and the GSBC maintains flexible policy leasing contracts, dependent on business and industry needs.

Overall, the GSBC receives between 4 and 5 applicants per year. The centre itself has a capacity for 16 office businesses (and additionally 6 light industrial establishments), and maintains an average occupancy ratio of 70%.

Like many other business centres, the GSBC maintains a maximum ratio of 20% anchor tenancies to sustain a secure stream of income; the anchor tenants are mostly comprised of government departments and agencies.

PARTNERSHIP AND LINKAGES

Through membership of BEC Australia, the centre is able to source additional professional advisory and training services (from other business enterprise centres) for existing tenants as well as the surrounding small business industry. Partnership with the BEC allows the GSBC to build networks with other business centres; this provides for an informal mechanism of sharing information, issues and resources (such as business advice) formed through BEC organized regional conference and events.

The GSBC maintains close relationships with other government organisations, such as Small Business Mentoring Services (SBMS) and Small Business Victoria (SBV); through these linkages, the centre is able to source critical business advisory services and business workshops trainers. Partnership with these organisations allows the centre to host between one to two events/workshops a month. These events serve as the primary marketing tool for building awareness of the business centre amongst the home-based and small business community. Tenants are also provided between two and three free mentoring services, subsidised and provided by SBMS.

FINANCIAL SUSTAINABILITY

The premises are Council owned and the business centre itself is not fully sustainable; a secure stream of council funding is necessary to finance the efforts of the businesses centre - in some

cases up to \$100,000 per annum. Lease revenue (especially from anchor tenants charged at commercial rates) and funding through grants are necessary to supplement these on-going operations. The centre notes that it cannot be dependent on revenue from subsidized tenants as such revenue streams experience heavy fluctuations.

1.8.3. WIMMERA BUSINESS CENTRE

HISTORY AND ORGANIZATIONAL STRUCTURE

Opened in 1997, the facility was financed by funding from AusIndustry and Horsham Rural City Council; the facility is currently under the ownership of the council. The Wimmera Business Centre (WBC) services Horsham, West Wimmera, Hindmarsh and Yarriambiack Shires with a total population catchment of 38,538 residents.

The centre is administered by two centre managers and was established as an initiative of AusIndustry and Horsham City Council, the centre maintains a close partnership with the Eureka Ballarat Business Centre, allowing the centre to source supplementary funding and advisory services for potential tenants and businesses.

TARGET MARKET AND TENANTS

The business centre targets Home Based Business and new start-up companies. However, flexibility is maintained for potential tenants, especially for businesses reassessing their prospects and entering into transitioning phases (e.g. relocation). The Wimmera Business Centre has a capacity for five light industrial businesses and 12 offices.

Currently at a 95% occupancy ratio, the centre receives between two to five applicants per year. The WBC is able to access new tenants through advertising (radio), and promotions (through hosting business networking events and workshops).

The low application rate may be due to the lower population catchment of the WBC. According to centre management, the population catchment (although relatively lower compared to other business centres) is no barrier to the on-going operations of the Wimmera Business Centre. Furthermore, there exists no other service similar to the business centre that allows businesses to conserve capital, and concentrate efforts and money on rebuilding or growing their operations.

Like most business centres, the WBC allows for a maximum three year commercial lease for tenants. The business centre has noted that very few tenants have graduated before the three year agreement; this is because of a structural incentive to benefit from the subsidized rental scheme.

The WBC also maintains a maximum 25% ratio of anchor tenants. This allows the centre to attain a secure stream of commercial income to supplement on-going operations. Anchor tenants currently residing in the business centre mostly comprise of government organisations (e.g. VECCI and RDV).

Virtual tenancy, although available and widely promoted, remains as an under-utilised asset of the business centre; this may be due to the poor internet penetration and communications infrastructure in the surrounding rural areas.

PARTNERSHIP AND LINKAGES

The WBC maintains a key partnership with the Eureka Ballarat BEC; this relationship assists the WBC in attaining supplementary funding for workshops and advisory services. This informal line of communication is also crucial in terms of sharing of issues and solutions facing regional business centres, and is credited as the key factor for the overall sustainability of the WBC.

Through on-going linkages with SBV, the WBC is able to host over two to three events and workshops per month. These workshops are an important component of the business centre's marketing strategy, in terms of advertising its service and creating an awareness of the centre itself (especially in rural areas).

An informal linkage with the ATO also allows the WBC to benefit from free consulting services, specifically on tax advice, that remains a useful service for the tenants.

FINANCIAL SUSTAINABILITY

The WBC is not financially self-sustainable; ongoing funding from Council (which can be up to \$100,000 per annum) is a necessity to finance the on-going operations of the business centre. However, the WBC maintains strong objectives in supplementing the council funding with leasing revenue (especially from anchor tenants) and other partnership opportunities from the Eureka BEC. It is noted that the WBC experiences difficulty in relying on sustainable leasing revenue from regular tenants; this is due to the low subsidized rates offered.

1.8.4. BRUNSWICK BUSINESS INCUBATOR (BBI)

HISTORY AND ORGANIZATIONAL STRUCTURE

The Brunswick Business Incubator (BBI) was established in 2002 at an inner suburban Melbourne site owned by the Victorian Department of Human Services and sub-leased at agreed peppercorn lease from the Moreland City Council.

Established under the initiative of the (former) Northern Area Consultative Committee, and co-funded by AusIndustry, the BBI is now financially self-sufficient; this milestone was achieved in 2006, 4 years after its establishment. The BBI is currently a member of the Business Enterprise Centre Australia, and operates as a BEC as well.

The Brunswick Business Incubator was established in an old secondary school facility, currently sub-leased through the Moreland City Council with a peppercorn rent. The school was ideal for the growth of the incubator due the large number of room spaces and variety of room space sizes; rooms range from 15m² (ideal for a single person business) to 100m² (suited for meeting rooms and larger businesses). This is crucial for housing a variety of businesses with the aims of the BBI as a mixed-sector incubator. The former school also has a large parking space and a loading dock, ideal for servicing the material and light industrial businesses within the incubator; this has facilitated growth in the product businesses (especially as the boutique fashion establishments), diversifying the success and stream of income of the incubator as a whole.

The BBI covers over 2,275m² of commercial property and currently has accommodation for 60 on-site tenants. The BBI allows for a time-frame of three years before tenants are invited to graduate into full-grown businesses.

Roles are split between two key personnel. The business incubator manager maintains business advisory and professional services, while organizing events, sustaining networks and partnerships with other businesses, business centres and government organizations. The administrative manager is responsible for the maintenance and administrative services of the incubator, including phone/messaging services, office supplies and maintenance. The division of roles allows for the success of the incubator as the manager can focus on providing both professional and administrative needs respectively.

Furthermore, the BBI is governed by a Board of Directors. The Board of Directors has specifically been chosen based on expertise and potential contribution to the tenant business development. Anthony has cited that a key factor to the success of the incubator is the range of voices within the Board of Directors (ranging from a lawyer, to the RMIT head of fashion department) that each contribute to the sustainability of each business in the BBI. The Board meets monthly and holds a separate financial committee to discuss the on-going financial sustainability of the BBI.

OBJECTIVES

The BBI maintains that a key facilitator to commercial success is the maintenance of flexibility in the incubator structures. Although the BBI maintains strict criteria for the tenants it chooses to house, the time-frame for graduation is varied according to the industry of the businesses and circumstances of the surrounding environment (e.g. the Global Financial Crisis). Flexibility has allowed an open-door policy where tenants or any potential business are invited to share their ideas and prospects within the guidance of the manager. This has facilitated opportunities for inviting new tenants as well as sustaining and nurturing an environment of growth within the incubator itself.

Encouraging partnerships is another critical facilitator in the sustainability and growth of the businesses. The BBI as a whole, through membership with BEC Australia, maintains a tight-linked partnership with other BECs and Business in the Victorian Region; this has allowed the exchange of ideas, issues and allowed for an informal referral system, whereby potential tenants are encourage to visit other business incubators.

TARGET MARKET AND TENANTS

The BBI houses 60 offices, with an average occupancy rate of 90%; business range from fashion designers, environmental consultants to bookkeepers and non-profit organizations.

In accordance with maintaining flexibility, the BBI has ideally reserved the incubator as a mixed-sector facility; this means, the BBI will ideally target the establishment of differing industry operators within the incubator. A good mix of businesses allows the BBI to “cherry pick” ones with the most potential for growth, thereby ensuring the sustainability of the BBIs income streams and social benefits; the BBI receives (on average) 60 applicants a year, of which 12 will successfully receive their tenancy. The mixed-business target also allows inter-industry benefits, whereby businesses have opportunities to commercially exchange products and services. The Manager believes that exchange of ideas and business solutions to issues still thrive within the environment of a mixed-sector incubator because “businesses essentially all face the same problems”.

However, due to the close proximity and partnership linkages with the RMIT Fashion School, the BBI has maintained a loose niche in developing fashion businesses. Partnership again is seen

here as crucial in sustaining these businesses; the close linkage with RMIT (including the presence of the head of the fashion school within the BBIs board of directors) has allowed the networking linkages and academic-experiences to flow through the BBI, enhancing the successes of these businesses. Flexibility in tapping into local opportunities is seen here, while maintaining the greater aim of sustaining a mixed-sector business incubator.

The incubator has a primary aim of localising employment and business development in the Moreland City. However, the tenancy catchment extends far beyond the local government area; over a third of businesses come from Moreland itself; business applicants have reached as far as Frankston and Moonee Valley.

The incubator also houses a number of virtual tenants (mostly business who work from home) including migration agents and building project managers. Virtual tenants are given presence on the BBI website, as well as to services such as meeting rooms, telephone messaging and mail services and training and workshops. The BBI aims to utilise the virtual tenancy as a 'stepping stone' into a physical tenancy; it also allows the BBI not only access to a broader target market of potential applicants by another stream of income to financial sustain the incubator.

PARTNERSHIP AND LINKAGES

The incubators membership with BEC Australia has allowed for a number of partnership benefits that has sustained the development of the BBI. The BEC has provided for advisory services, networks with other consultants, trainees and business centres as well as a collective shared resource of office supplies. The BEC also promotes partnerships with banking organisation; its current partnership with NAB has allowed specific micro-enterprise loans targeted to business incubator start-ups.

The BEC Australia membership has allowed BBI to maintain an informal linkage with other business incubators (especially the Darebin Business Incubator). The Manager emphasises that no competition exists with other business incubators/centres as each centre maintains its own niche (in Darebin's case a light industrial niche). As such, an informal referrals system has develop whereby businesses appropriate to the Darebin Business Centre are encourage to set up there (and vice versa). There is also a line of communication in sharing of information, issues and ideas necessary for the development of each sector as a whole.

The BBI also maintains numerous links with mentoring and workshop providers including the Small Business Mentoring Services (SBMS) a Victorian Government organization. The SBMS allows for four free mentoring sessions, while charging \$50 for any meeting thereafter. Within the BBI, the SMBS also provides mentoring programmes and workshops to the broader business community. BBI also collaborates with Business Victoria (BV) to organise training and workshop events. Overall, the BBI host between 10 and 12 events per year.

FINANCIAL SUSTAINABILITY

In its inception in 2001, the BBI had received support from AusIndustry (\$600,000 in funding) and Moreland City Council (\$400,000). Further funding was received from AusIndustry (over \$320,000) and Moreland City Council (\$140,000) before the business incubator achieved self-sustainability in 2004. The incubator continues to receive supplementary funding for building

maintenance and upgrades from the Moreland City Council; however, leasing revenue remains as the main source of income for the incubator.

The Manager has noted that contributions from the Moreland City Council have sustained the BBI throughout the years, especially in the maintenance of the ageing school. The peppercorn rent payments have allowed for the BBI to utilise its commercial lease revenue to sustain on-going operations and finance the payments of workshops and events. In particular, rental payments from anchor tenants have contributed considerably to the sustainability of the BBI; the anchor tenants act essentially as a reliable financial anchor to the BBI, guarding it with a steady stream of commercial rate leases.

1.8.5. MACEDON RANGES BUSINESS CENTRE (WOODEND)

HISTORY AND ORGANIZATIONAL STRUCTURE

The Woodend Business Centre was established recently in early 2010 by Phil Aarons, a home-based engineer consultant. Unlike previously examined business centre, the Woodend Business Centre is a commercial establishment, providing eight hot-desk spaces, meeting and conference room facilities, a training room and a kids rooms (for parents to bring their children, while they work in a separate room).The business centre was established in Woodend due to the close proximity of the location to the residential premises of the owner.

OBJECTIVES

The business centre was established when Phil Aarons himself saw the need to separate his business operations from home. Furthermore, he saw the business centre as a way for home-based businesses to fulfil the need for community and socializing with other business-owners. Research and surveys conducted by Phil Aarons revealed an 'overwhelming' need amongst home-based businesses to separate their work-life from home-life. Furthermore, preliminary research revealed a 'great interest' in the home-based business community to access flexible, short term office spaces for work (especially during school holidays or large projects); with substantial interest in such a facility, the business centre was established in early 2010. The business centre continues to serve its primary objective of providing the infrastructure service needs (temporary meeting rooms, office spaces and conference rooms) to the Macedon Ranges business sector.

TARGET MARKET AND TENANTS

The target market is home-based business owners, like Phil Aarons himself, who needs flexible and short-term office space necessary to separate work operations from home. Approximately 20 individuals/businesses have utilised the business centre in the past year. The business centres maintains two permanent businesses (like anchor tenants) in order to secure a sustainable stream of funding for the business. It is noted that tenants have seen unanimous satisfaction in the services of the business centre.

PARTNERSHIP AND LINKAGES

The business centre maintains no formal partnerships with other organisations. Plans in the future have been put into place to organise events and workshops with other business consultants.

FINANCIAL SUSTAINABILITY

The on-going operations are sustainable; however, reliance on home-based businesses for leasing revenue is risky, as the nature of offering short-term and flexible office leases means leasing revenue will experience high fluctuations. However, the permanent establishment of businesses (acting essentially as anchor tenants) has sustained a secure stream of income to run the business.

However, the centre is experiencing difficulty in attaining more home-based business to commit to using the office spaces; the owner attributes this difficulty to home-based business apprehension to using such new services (that has previously never been offered). Furthermore, home-based businesses value flexibility and thereby are generally unable to commit to longer leases. Further advertising and creation of awareness of the facility will see the centre overcome such constraints, as the research conducted by the owner has shown a considerably high interest for such a facility.

1.9. SUCCESS FACTORS

The following are key considerations for the establishment of the Macedon Ranges Business Centre. These have been identified through analysis of existing literature and consultation with business centres throughout Victoria. In particular, business centres:

- Should operate within a complementary and prominent business environment/cluster/precinct;
- Should consider the appointment of a committed board of directors offering a broad range of management and business skills;
- Should be located in a prominent and high exposure location to assist with marketing of the centre;
- Must have funding support in the short term (1-4 years) before it can attain the critical mass of tenants to achieve self-sufficiency;
- Cannot be commercially viable if required to pay commercial leases or generate a return on investment;
- Must achieve greater than 60%, and consistently close to 70%, occupancy ratio to remain viable;
- Must be established within a sufficient population catchment and must be in close proximity to suitable/affordable buildings for tenants to graduate to;
- Should consider offering a range of office space sizes to meet different business needs;
- Usually require anchor tenants to offset expenses; these are established businesses which pay a full commercial lease;
- Have strong Networks and Partnerships - memberships through BEC Australia and partnerships with other government organisations (Small Business Victoria);

- Should have Shire support in facility establishment, either in capital or in-kind (buildings/equipment);
- Include potential for other revenue streams: anchor tenants, lease of meeting rooms/conference facilities; and
- Must undertake effective marketing of the facility to the targeted sector to ensure businesses are aware of the opportunity.

2. DEMAND ASSESSMENT

2.1. INTRODUCTION

This section analyses the demand for a business centre in the Macedon Ranges to support home based and start-up businesses. Demand is identified through the following:

- Analysis of the economic context including catchment population and business mix;
- Analysis of results from the Macedon Ranges Business Survey, in particular responses from home based business; and
- Discussions with businesses throughout Macedon Ranges Shire.

2.2. POPULATION CATCHMENT AND BUSINESS MIX

The data presented in this section is sourced from the Australian Bureau of Statistics and the Victorian Government. The data has been compiled for the Macedon Ranges Local Government Area, as well as the major towns and the rural balance of the Shire where relevant. In some cases this has been compared to data for regional Victoria and the Melbourne metropolitan area.

The industry data presented in this report is categorised into ANZSIC06 Divisions. This is the broadest category used by the Australian Bureau of Statistics for categorising industry sectors.

2.2.1. CATCHMENT POPULATION

The Estimated Resident Population (ERP) of Macedon Ranges Shire in 2011 was 42,900. This is significantly lower compared to the population catchments of the Brunswick Business Incubator and the Greater Shepparton Business Centre. However, the population catchment of the Wimmera Business Centre (38,538) shows that the regional municipalities such as Macedon Ranges Shire can still maintain a viable business centre (depending on subsidies provided).

The population of Macedon Ranges Shire is decentralised with a number of township nodes. Despite being the largest town, Gisborne has only 27% of the total population. Kyneton contains the second largest population of residents (17%), while Woodend contains 15% of the population. The success of the business centre will likely to depend on its location's population catchment; as such, locating within the Shire's key townships in terms of population (Gisborne, Kyneton or Woodend) is key to delivering a larger customer catchment for the business centre's participants.

TABLE 2 OVERVIEW OF TOWNSHIPS IN MACEDON RANGES SHIRE

Township	Population 2011	% Macedon Ranges Shire Population
Gisborne	10,300	27%

Kyneton	6,600	17%
Woodend	5,900	15%
Romsey	5,300	14%
Riddles Creek	3,900	9%
Lancefield	2,500	6%
Macedon	2,000	5%
Mount Macedon	1,800	5%
Malmsbury	700	2%
Macedon Ranges Balance	3,800	9%
Estimated Resident Population 2011	42,900	100%

Source: Macedon Ranges Shire Settlement Strategy Context Report, May 2010

2.2.2. POPULATION PROJECTION

Table 3 represents projected population growth based on Victoria in the Future 2008 data of Population Projections.

The data shows that the population in Macedon Ranges Shire is expected to grow by 1.5% per annum, significantly higher than of Regional Victoria (0.7% per annum). By 2026, approximately 11,200 new persons will reside in the Shire. The data shows that demand for the business centre will be sufficiently met by the population growth (which will deliver not only a growing customer catchment, but a larger pool of skills and workers as well).

TABLE 3 POPULATION PROJECTIONS OF MACEDON RANGES SHIRE, 2006–2026

	2006	2011	2016	2021	2026	Growth P.A.
Estimated Population Projection	40,000	42,900	46,200	49,900	54,100	1.5%

Source: Macedon Ranges Shire Settlement Strategy Context Report, May 2010

2.2.3. INDUSTRY AND EMPLOYMENT

Table 4 illustrates the local jobs in Macedon Ranges Shire across ANZSIC06 industry divisions in 2006. A total of 9854 jobs were recorded in the Shire.

The retail sector is the key industry within Macedon Ranges Shire, with 14% of jobs. Education and training and manufacturing industries generate 11% of jobs respectively in the Shire.

TABLE 4 EMPLOYMENT OF MACEDON RANGES RESIDENTS AND JOBS IN MACEDON RANGES SHIRE, 2006

ANZIC Industry Category	No. Jobs in Macedon Ranges Shire	2006 % total
Retail trade	1,419	14%
Education & training	1,090	11%
Manufacturing	1,059	11%
Health care & social assistance	937	10%
Construction	802	8%
Accommodation & food services	724	7%
Agriculture, forestry & fishing	574	6%
Public administration & safety	637	6%
Professional, scientific & technical services	525	5%
Other services	347	4%
Transport, postal & warehousing	370	4%
Wholesale trade	347	4%
Administrative & support services	222	2%
Arts & recreation services	190	2%
Financial & insurance services	173	2%
Electricity, gas, water & waste services	68	1%
Information media & telecommunications	86	1%
Rental, hiring & real estate services	144	1%
Mining	15	0%
TOTAL	9,854	100%

Source: Census Data 2006, ABS

2.2.4. NUMBER OF BUSINESSES

Table 5 indicates that Macedon Ranges Shire had 7,640 registered businesses in 2011.

21% of all businesses in the municipality belong to the Construction division (1,624 businesses). This is followed by Agriculture, Forestry and Fishing (1,111), Professional Scientific and Technical Services (1,043) and Retail Trade (464). The agricultural sector has the largest proportion of non-employing businesses (81%); this comes as no surprise as most agricultural business comprise of farmland owner-managers.

The data suggests a strong home-based business presence in the professional services (Finance & Insurance, Property & Business Services and Cultural & Recreational Services) and industrial

services (Transport & Storage and Construction). Policy initiatives to spur business growth through the establishment of the business centre may be targeted towards these key industries.

TABLE 5 NUMBER OF BUSINESSES BY INDUSTRY SECTOR 2011

ANZSIC06 Industry	Number of Businesses	%
Construction	1,624	21%
Agriculture Forestry and Fishing	1,111	15%
Professional, Scientific and Technical Services	1,043	14%
Retail Trade	464	6%
Administrative and Support Services	434	6%
Transport, Postal & Warehousing	432	6%
Arts and Recreation Services	375	5%
Health Care and Social Assistance	341	4%
Financial and Insurance Services	340	4%
Manufacturing	319	4%
Other Services	302	4%
Accommodation and Food Services	243	3%
Education and Training	202	3%
Wholesale Trade	166	2%
Rental, Hiring and Real Estate Services	125	2%
Information, Media and Telecommunication	86	1%
Electricity, Gas, Water and Waste Services	22	0%
Mining	11	0%
Public Administration and Safety	0	0%
Total	7,640	100%

Source: Macedon Ranges Shire Council Business Register, 2011

2.2.5. LOCATION OF BUSINESSES

Table 6 below shows the location of businesses in Macedon Ranges Shire in 2006.

Gisborne, including New Gisborne, is the largest township in the Shire and has a total of 1,646 businesses (22% of the Shire). A fifth of businesses in Macedon Ranges Shire were located in the Kyneton postcode (1552 businesses, or 20%). The data reveals that Woodend contains a considerable amount of businesses as well (1,288 business or 17%). There exists an opportunity to establish a business centre in one of these three key economic centres.

TABLE 6 BUSINESSES IN MACEDON RANGES SHIRE BY LOCATION, 2011

Location (Postcode)	Number of Businesses	%
Gisborne and New Gisborne (3437 and 3438)	1,646	22%
Kyneton (3444)	1,552	20%
Woodend (3442)	1,288	17%
Romsey (3434)	779	10%
Riddells Creek (3431)	566	7%
Lancefield (3435)	521	7%
Macedon (3440)	306	4%
Mt Macedon (3441)	253	3%
Other Towns	729	10%
Total	7,640	100%

Source: Macedon Range Shire Council Business Register, 2011,

- Datasets from Kyneton were modified as the postcode 3444 consists of areas outside Macedon Ranges Shire, as well; as such, the data sets were augmented to reflect the number of businesses within the Shire.

2.2.6. CONCLUSION

The economic data for Macedon Ranges Shire highlights that the majority of population and businesses (around 60% of businesses and residents) are located in the Calder Highway towns of Gisborne, Woodend and Kyneton. Clearly this demonstrates that the greatest localised demand for a business centre would be in the Calder Highway precinct of the Shire.

In addition, a business centre in the Calder Highway precinct may draw on demand from Melbourne's northern growth areas and other peri-urban settlements. In particular, areas such as Sunbury, Taylors Lakes, Diggers Rest, Melton and Bacchus Marsh are within 20 minutes' drive of Gisborne. Overall, the potential population catchment for a business centre located along the Calder Highway in either Woodend or Gisborne would be in excess of 100,000 residents.

2.3. MACEDON RANGES BUSINESS SURVEY RESULTS 2011 – HOME BASED BUSINESSES

The following section provides a profile and demand assessment of Macedon Ranges Shire home-based businesses derived from the 2011 Macedon Ranges Shire Business Survey.

Home based businesses will be critical to the development potential of a business centre as they create a core part of market demand.

2.3.1. INDUSTRY OVERVIEW

Over 53% of the businesses surveyed (in the Macedon Ranges Shire Business Survey) were operating from residential premises. This is indicative of a high proportion of home-base

businesses in the Macedon Ranges Shire. Extrapolating the data set reveals that there is an estimated 4,049 home-based businesses in the Shire.

Table 7 depicts the home-based businesses surveyed by industry sector. The highest proportion of home-based businesses was seen in the Professional, Scientific and Technical Services industry (constituting 29% of home-based businesses surveyed). Agricultural, Forestry and Fishing came in second (18% of businesses surveyed); this comes as no surprised as more farm-land owners often stay on these agricultural properties. Construction represents the third largest proportion of home-based business surveyed (9%) followed by Accommodation and Food Services (7%).

TABLE 7 HOME-BASED BUSINESSES BY INDUSTRY SECTOR, MACEDON RANGES BUSINESS SURVEY 2011

ANZSIC06 Industry Division	%
Professional , Scientific and Technical Services	29%
Agricultural, Forestry & Fishing	18%
Construction	9%
Accommodation and Food Services	7%
Art and Recreation Services	6%
Other Services	6%
Education and Training	5%
Health Care and Social Assistance	5%
Finance and Insurance Services	3%
Manufacturing	3%
Retail Trade	3%
Wholesale Trade	3%
Information Media and Telecommunication	2%
Transport, Postal and Warehousing	1%
Rental, Hiring and Real Estate Services	1%
Total	100%

Source: Macedon Ranges Home-Based Business Survey, Urban Enterprise 2011

2.3.2. INDUSTRY BY LOCATION

Table 8 shows the location of home-based businesses by township in the Macedon Ranges Shire. Woodend has the largest proportion of home-based businesses surveyed (19%). This is followed by Gisborne and Kyneton, representing 17% of the home-based business sector for each township.

Other township areas have a large proportion of home-based businesses, contributing the remaining 51% of the sector. The data reveals that there is a high concentration of home-based businesses in Woodend, Gisborne and Kyneton; as such, there exists opportunities to establish a business centre in one of these townships.

TABLE 8 HOME BASED BUSINESSES BY LOCATION, MACEDON RANGES BUSINESS SURVEY 2011

Location	%
Woodend	19%
Gisborne and New Gisborne	17%
Kyneton	17%
Riddells Creek	6%
Lancefield	5%
Macedon	5%
Mt Macedon	5%
Romsey	4%
Newham	2%
Malmsbury	2%
Hesket	2%
Other Towns*	16%
Total	100%

Source: Macedon Ranges Home-Based Business Survey, Urban Enterprise 2011

*Other towns include approximately 1 sample each of Baynton, Benloch, Blackwod, Bolinda, Bullengarook, Carlsruhe, Clarkefield, Drummond North, Edgecombe, Kerrie, Monegeetta, Redesdale, Rochford, Sidonia, Spring Hill, Springfield, Trentham East.

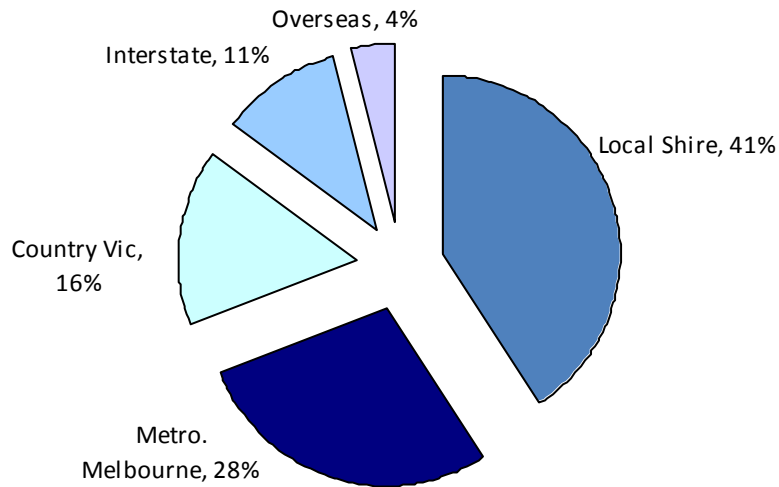
2.3.3. LOCATION OF CUSTOMERS

Businesses working from home were asked to identify the location of their customers (by % of the business share); this will inform the customer reach of the home-based business sector. Figure 1 shows that over 41% of the home-based business sector's customers are located within the Shire. The business sector is also heavily reliant on nearby Metropolitan Melbourne, contributing over 28% of customers). 16% of customers are located in surrounding Country Victoria, followed by interstate (11%) and overseas customers (4%).

The survey shows that the home-based business sector is heavily influenced and reliant on the Macedon Ranges Shire and Metropolitan Melbourne economies for customers and business links. This highlights the importance of the business centre to be located along the Calder Corridor with

links to Melbourne, Macedon Ranges Shire population and potentially to other business centres (such as the BBI).

FIGURE 1 LOCATION OF CUSTOMERS

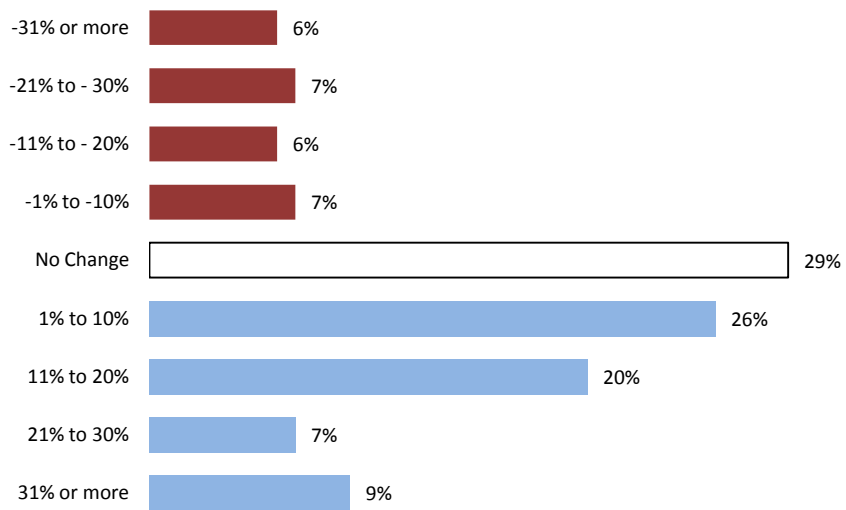


Source: Macedon Ranges Home-Based Business Survey, Urban Enterprise 2011

2.3.4. BUSINESS INCOME

The Macedon Ranges home-based business sector has seen major gains in revenue received (depicted in Figure 2). 62% of home-based businesses surveyed have seen increases in income over the 2009/10 financial year. 29% of businesses have seen no change in income followed by the remaining 25% which saw decreases in income. The findings show that the industry has potential to expand.

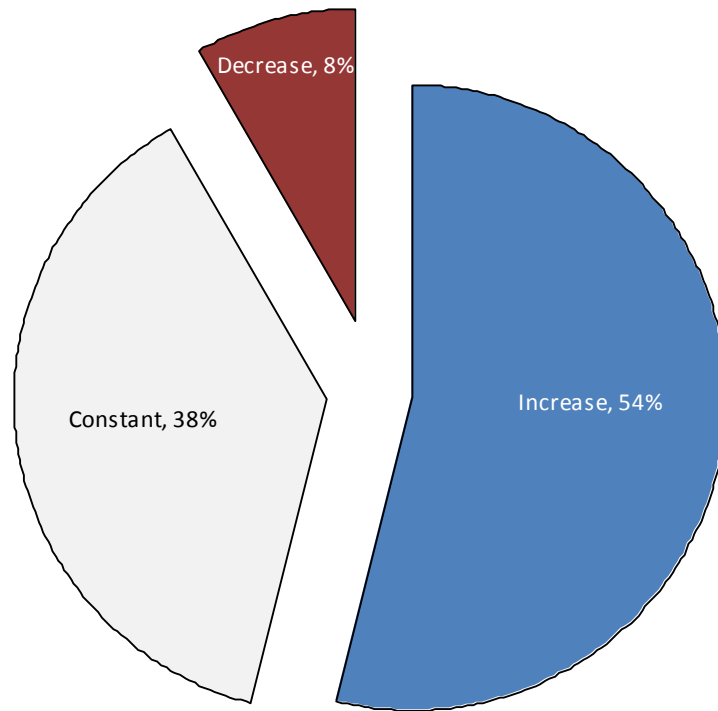
FIGURE 2 2009/10 HOME BASED BUSINESS GROSS INCOME PERFORMANCE



Source: Macedon Ranges Home-Based Business Survey, Urban Enterprise 2011

Figure 3 depicts the sector's gross income outlook. 54% of businesses surveyed were positive of income increases in the following financial year; only 8% expected to see decreases in income, while the remaining 38% expected to see no changes in income. The 2009/10 performance and the positive outlook in the 2010/11 financial year further suggests that the sector will see positive expansion in the coming years.

FIGURE 3 2010/11 HOME-BASED BUSINESS SECTOR, GROSS INCOME OUTLOOK

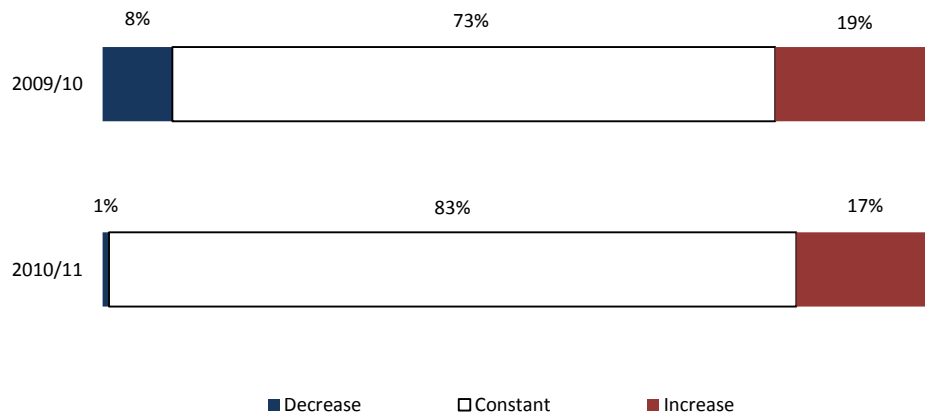


Source: Macedon Ranges Home-Based Business Survey, Urban Enterprise 2011

2.3.5. EMPLOYMENT

Figure 4 further supports that the home-based business sector will see positive expansion; 19% of business saw increased employment in the 2009/10 financial year. Increases in employment are expected to be sustained in the 2010/11 year, where 17% plan to increase the number of employees.

FIGURE 4 CHANGE IN EMPLOYMENT 2009/10 AND 2010/11 EMPLOYMENT OUTLOOK



Source: Macedon Ranges Home-Based Business Survey, Urban Enterprise 2011

2.3.6. CONSTRAINTS TO HOME-BASED BUSINESSES

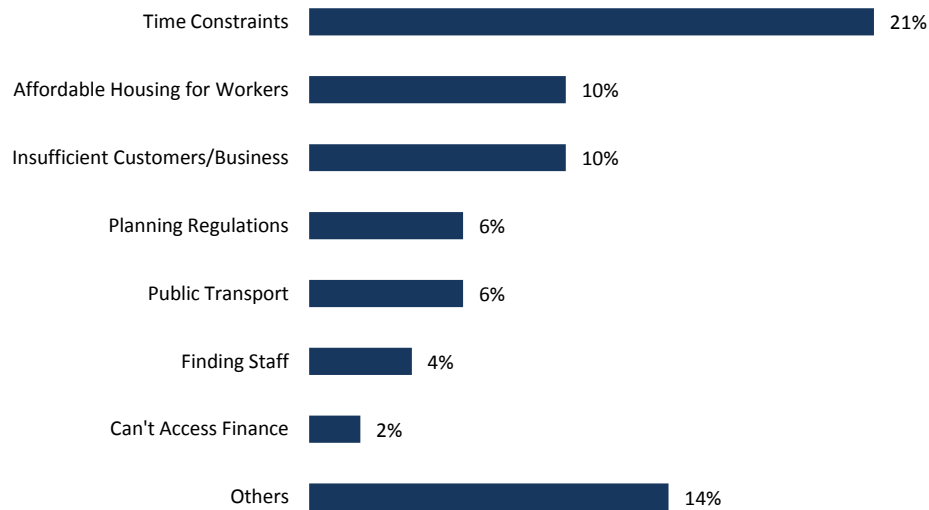
Overall, the employment and income outlooks show that the local home-based business sector is poised to grow significantly over the coming years. Council’s assistance and facilitation of growth will be crucial in nurturing and maturing these home-based businesses. The survey has revealed several key areas that are restricting expansion in the home-based business sector (where there exist opportunities for Council’s assistance).

21% of respondents highlighted ‘time’ as a major factor in constraining further business development. This comes as no surprise as most home-business must encompass all business roles (marketing, finance, management, etc.) while managing household matters. This highlights an opportunity for a business centre to support businesses through providing workshops on the marketing, finance and management and administrative assistance.

A small customer base is also a crucial constraint. A large number of businesses surveyed have and will continue to expand on marketing efforts in order to conduct a more targeted and effective marketing campaign; this may mean the expansion of the existing small customer market for home-based businesses. Council has opportunities to conduct marketing workshops in order to facilitate successful marketing campaigns (keeping in mind that time remains as a major constraint to many businesses to attend these workshops).

Other significant constraints include lack of affordable housing for employees, planning regulations and lack of public transport services.

FIGURE 5 CONSTRAINTS TO HOME BASED BUSINESS EXPANSION



Source: Macedon Ranges Home-Based Business Survey, Urban Enterprise 2011

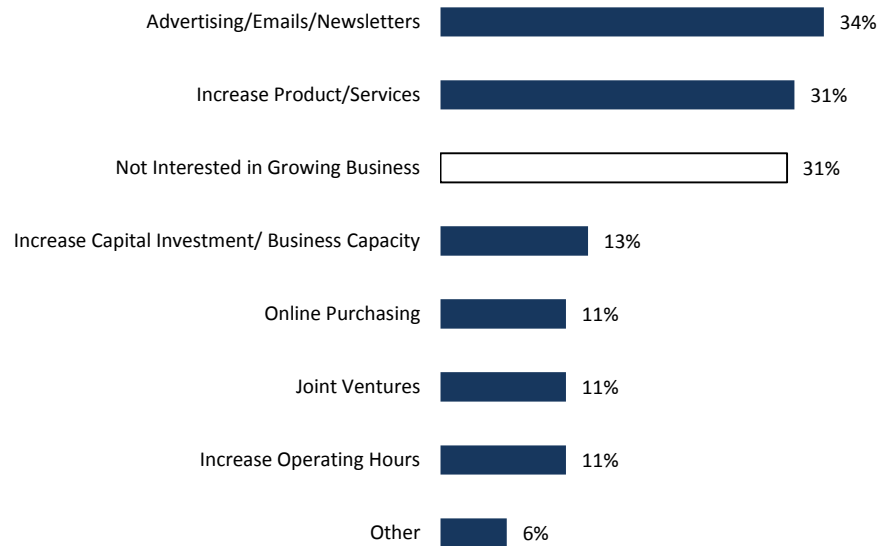
"Others" include lack of good internet linkages, downturns specific to their industries (drought), high rural and business zoned land prices and personal reasons (including ill health).

2.3.7. OPPORTUNITIES FOR HOME-BASED BUSINESS

Businesses were asked which strategies they are likely to employ in the short term to grow their business. Increase in advertising material (whether through email or newsletter) was the most prominent strategy, to be employed by 34% of home-based businesses. 31% of home-based businesses were expected to increase products and services as well, suggesting the sector is expanding into larger and more diverse markets; this also informs the study that the home-based business sector has significant opportunities to grow and that Council has a major role in nurturing this growth. Focus on assisting the sector through targeted marketing workshops will enhance the effectiveness of these advertising campaigns.

However, over a third of home-based businesses were not interested in growing their businesses.

TABLE 9 STRATEGIES FOR NEXT YEAR – WORK HOME STATUS NEXT YEAR



Source: Macedon Ranges Home-Based Business Survey, Urban Enterprise 2011

“Others” include increasing employment, increasing number of sub-contractors, attending seminars and improving business plans.

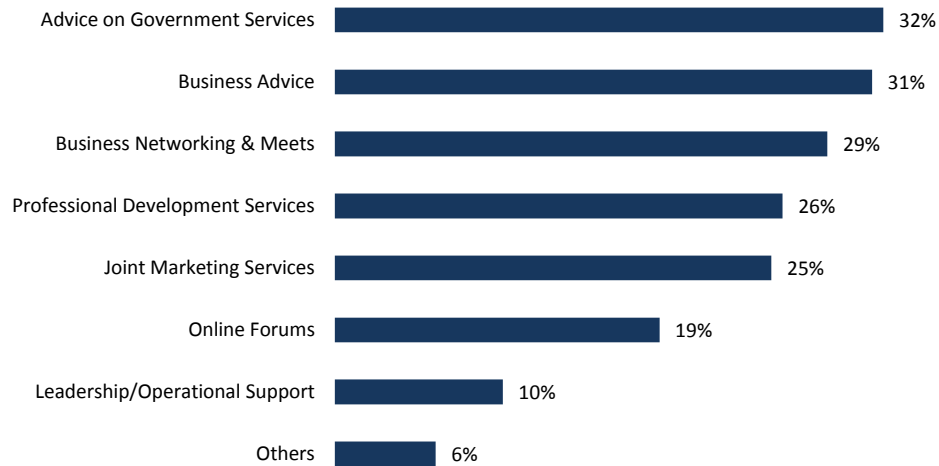
2.3.8. DEMAND FOR COUNCIL SERVICES

Businesses surveyed were also asked tailored questions to gauge the interests of the sector to potential business services (including business centre infrastructure and business advice services) that Council could facilitate.

Over a 32% of home-based businesses surveyed suggested Council could provide Advice on Government Services, as seen in Figure 6. A third of businesses also noted that Business Advice and Business Networking and Meets would be helpful in assisting expansion in the sector; this represents a large portion of home-based businesses, and depicts a sufficient and potential demand for the services a business centre could provide (e.g. advice on government services, business advice, and networking).

Further analysis revealed that, of the home-based businesses that experienced negative income growth, 40% wanted Business Networking and Meetings and over 33% required Business Advice.

FIGURE 6 INTERESTS IN POTENTIAL COUNCIL SERVICES



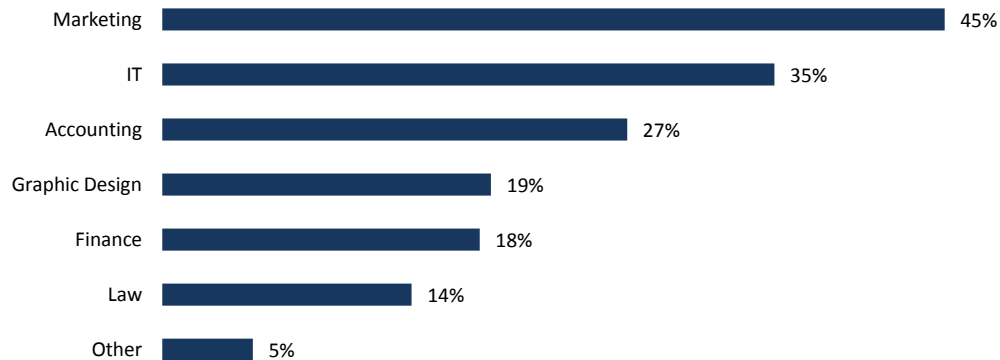
Source: Macedon Ranges Home-Based Business Survey, Urban Enterprise 2011

"Others" include increased employment of locals, increased advertising of services and improvement of public facilities (sales-yard and signage).

2.3.9. WORKSHOP TOPICS OF INTEREST

Home-based businesses were asked to identify topics of interest for Council organized business workshops to assist the sector. Over 45% businesses suggested Marketing as the main topic of discussion in such business workshops. As seen in Table 10, this supports previous survey findings that the home-based business sector is seeking to increase marketing efforts to capture larger customer bases. IT and Accounting were also identified as key topics of discussion. The data reveals that there exists a prominent demand for business centre services in guiding home-based businesses in Marketing, IT and Accounting. Other interests include business systems and business advisory needs.

TABLE 10 INTEREST IN ATTENDING WORKSHOPS, BY TOPICS



Source: Macedon Ranges Home-Based Business Survey, Urban Enterprise 2011

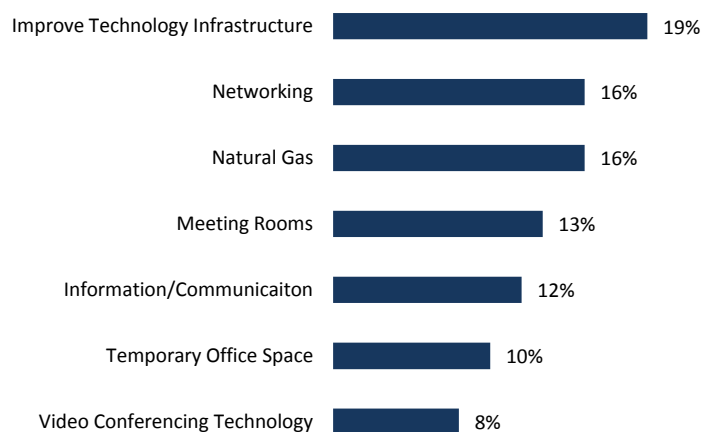
“Others” include business systems and business advisory needs.

2.3.10. INFRASTRUCTURE AND FACILITIES

Businesses were asked to identify infrastructure services that they required, which they are currently unable to access. Improve technology infrastructure (primarily through broadband services) is the key requirement for home-based businesses (where 19% of businesses surveyed desired this, seen in Figure 7); Council can play a opportune role in lobbying for infrastructure development in terms of the new NBN and natural gas infrastructure.

Networking opportunities was also given prominence in services required, where 16% of home-based businesses saw a need for it. Meeting Rooms (13%) and Temporary Office Space (10%) showed that there are existing opportunities for a business centre to provide such services to the home-based business community.

FIGURE 7 INFRASTRUCTURE AND OTHER SERVICES REQUIRED



2.3.11. CONCLUSION

Home based businesses constitute 53% of all businesses in the Macedon Ranges Shire. The majority of home based businesses are located in the Calder Highway towns of Woodend, Gisborne and Kyneton. A large proportion of home based businesses are professional service and consulting type businesses, which provide services to markets that extend beyond the boundary of Macedon Ranges, including Melbourne, interstate and in some instances overseas.

Home based businesses identified highest demand for the following services which may be delivered by a business centre:

- Advice on Government Services;
- Business Advice;
- Business networking and meets; and
- Professional development services and joint marketing.

There is lower demand from home based businesses for 'infrastructure and facilities' to support their businesses such as office space and meeting rooms.

2.4. CONSULTATION OUTCOMES – ANECDOTAL DEMAND SUMMARY

The following summarizes anecdotal demand for business centre facilities, sourced through consultations with existing business centres and home-based business operators within the Macedon Ranges (refer to Appendix A for the complete findings of anecdotal demand).

NETWORKING AND BUSINESS WORKSHOPS

Businesses regularly attended Council-hosted networking events and business workshops; furthermore businesses themselves were often associated within a larger business/industry association beyond the Macedon Ranges Shire. In terms of locally organised networking meetings, businesses were generally satisfied with the Council's initiatives in encouraging business-to-business linkages. However, businesses would like to see more targeted networking meets, rather than attending a general business event. One business noted that there was a need to facilitate and encourage discussion within such meets.

Most home-based businesses employed external consultants for discussing prospective business ventures and attaining independent feedback on on-going operations. Business felt positive to council-initiatives of organizing business workshops. However, some businesses noted the need for more 'in-depth' workshops, particular in marketing (new media marketing, marketing in Macedon Ranges, etc.).

ADMINISTRATION

Businesses saw a great need in utilising administrative services (printing, photocopying, mail and phone messaging service); this would allow them to allocate time on other business operations. This is especially critical for home-based businesses that engage in extensive travel, who need a

central location for phone calls and mail to be accessed. Furthermore, home-based businesses showed great interest in acquiring such services through a virtual centre. Such a centre will provide them access to other necessary services such as temporary meeting room space, and networking opportunities between businesses (especially in facilitating a 'group consultative' discussion of business issues). Businesses saw the virtual centre as a flexible opportunity to have access to physical services while at the same time maintaining a presence at home. The establishment of the Woodend Business Centre shows that there exists a demand for such temporary meeting room space within the Shire.

OFFICE SPACE

Businesses were favourable to the idea of a business centre with flexible leasing agreements for office space; however, businesses were unsure of immediately relocating into such a centre. Businesses stressed the need for 'flexibility' in 'trying out' these services first before signing a lease agreement; this is supported by the experiences of the Macedon Ranges Business Centre (Woodend), which also saw overwhelming interests in using temporary office/meeting room space but saw slow uptake in office space.

LOCATION

On the most preferred location for the establishment of the business centre, business indicated a priority on proximity to residential premises. However, there also occurred a critical need to establish the facility in a known and well-recognized economic centre; Gisborne and Kyneton were favourably noted as a potential location for the business centre. A central location in Woodend was a secondary option.

2.5. FINDINGS

2.5.1. BUSINESS CENTRE CATCHMENT AREA

The economic data for Macedon Ranges Shire highlights that the majority of population and businesses (around 60% of businesses and residents) are located in the Calder Highway towns of Gisborne, Woodend and Kyneton. Clearly this demonstrates that the greatest localised demand for a business centre would be in the Calder Highway precinct of the Shire.

In addition, a business centre in the Calder Highway precinct may draw on demand from Melbourne's northern growth areas and other peri-urban settlements. In particular areas such as Sunbury, Taylors Lakes, Diggers Rest, Melton and Bacchus Marsh are within 20 minutes' drive of Gisborne. Overall, the potential population catchment for a business centre located along the Calder Highway in either Woodend or Gisborne would be in excess of 100,000 residents. Proximity within a large catchment area is critical for the business centre to access a sufficient pool of potential incubating tenants; this will maximize and localize the growth in employment and expenditure of these businesses in Macedon Ranges Shire.

2.5.2. START-UP BUSINESSES

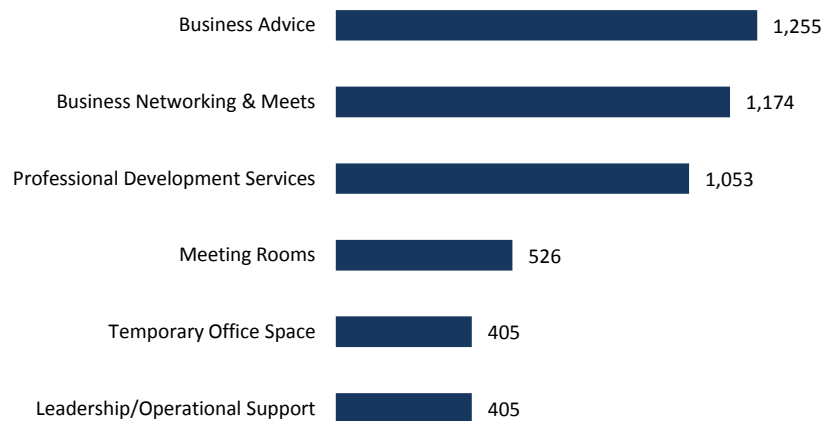
New start-up businesses should be a target for a business centre in the Macedon Ranges, these businesses can be identified through assessment of the Australian Business Register, accessed

by Council on an annual basis. Analysis shows that around 2,500 new businesses are registered each year in the Macedon Ranges Shire. Some of these businesses will be legitimate candidates for membership to a business centre.

2.5.3. DEMAND FROM HOME BASED BUSINESS

Demand for business centre services was estimated from extrapolation of the Macedon Ranges Business database with findings from the Macedon Ranges Business Survey.

FIGURE 1 DEMAND FOR KEY BUSINESS CENTRE SERVICES, BY ESTIMATED NUMBER OF BUSINESSES



Source: Macedon Ranges Home-Based Business Survey, Urban Enterprise 2011

The survey findings show positive growth in the home-based business sector. This is supported by consultations with home-based businesses; all businesses interviewed saw strong positive increases in revenue from operations. Council has an opportunity to facilitate growth in this industry through establishing a business centre particularly in areas of:

- Providing business advice, professional development services and advice on government services;
- Providing networking, meets and (especially) group consultative sessions;
- Providing business workshops (especially in assisting home-based business in marketing strategies and expanding their customer base);
- Providing administrative services, such as phone messaging, printing and photocopying; and
- Providing temporary meeting/conference room space.

Data shows the need for business advice, business networking and meetings, and professional development services, which altogether far outweighs the need for physical facilities (meetings rooms and temporary office space). This highlights the need for a business centre that has virtual

members while having access to professional development services (business advice, networking, etc.).

Anecdotal demand shows an interest in joining a virtual business centre, with access to administrative services and professional business services. The consultations with home-based businesses also revealed an interest in accessing temporary office space; businesses stressed the need for a 'flexible transition' into such a facility by 'trying' other services first through a virtual centre.

3. MACEDON RANGES BUSINESS CENTRE CONCEPT AND DELIVERY MATRIX

3.1. INTRODUCTION

The following provides a recommended approach to the development of a business centre in the Macedon Ranges. This is recommended from an assessment of existing business centre operations and the potential demand for a business centre in the Macedon Ranges Shire.

3.2. PROPOSED CONCEPT

The business centre is proposed to house a number of facilities and services that will meet the demands of the businesses in the Macedon Ranges Shire.

BUSINESS SERVICES

There exists an opportunity to establish a virtual centre to meet the immediate needs of businesses (in business advisory services, networking meets and events and administrative services) that are not in critical need of office space.

Anecdotal demand revealed that businesses were ‘overwhelmingly’ eager and ‘excited’ to join such a virtual centre. The virtual element will allow for flexibility to work from home while providing access to administrative services (phone messaging, photocopying and printing) that allowed business-owners to focus on long term planning.

The virtual members will have access to the business centre, allowing businesses a physical location to gain professional and advisory services as well as temporary meeting rooms and conference room facilities. Members would also maintain a ‘virtual’ presence in the business centre through online “shopfront” presence on the business centre website and access to specialised business tutorials and information available through the business centre’s online services.

SUBSIDISED OFFICE SPACE

The development of a fully operating business centre with subsidised offices will allow selected businesses access to locate into the business centre and operate their growing business at low cost. Business centre tenants will also have access to on-going business advisory services, networking meets and events and administrative services.

There exists an opportunity to source prospective tenants from strong networks built through the virtual centre element (who are comfortable with transitioning into an office environment). This will ensure a steady stream of leasing income to finance the centres operations, minimising risks from fluctuating income streams. Financial sustainability of the business centre can be assisted through allowing a commercial presence of anchor tenants (preferably government or commercial organisations that complement the environment of business advisory services).

By building awareness and engaging business themselves (through workshops, events, the business centre and the virtual centre) a sufficient number of prospective tenants can be sourced to ensure sustainable occupancy ratio of successful businesses.

Based on responses to the survey and one on one consultation, there is likely demand for approximately 13 subsidised office spaces.

Membership could be tiered to allow for the centre to be used by businesses that do not meet the 'normal' subsidised criteria. This will boost use of the centre.

PARTNERSHIP OPPORTUNITIES

Council can promote and partner with other local serviced office providers (such as the Woodend Business Centre and Workspace Australia office in New Gisborne) to meet the secondary demands for office space needs within the business sector and light industrial sector (specific to New Gisborne Workspace Australia).

The membership of the business centre within the BEC Australia will allow key partnership opportunities for development, where the centre can share resources, information and ideas; the BEC membership also provides key mentoring and professional development services. Partnerships with SBV and SBMS will allow the virtual centre to provide regular business workshops, complementing the overall business advisory services.

There exists opportunities for Council to partner with an existing organization with experience in regional business centre management and business advisory services to manage the proposed Macedon Ranges Business Centre. Acquiring management with local insight and experience in providing for business needs will contribute to the success of the business centre and its tenants as a whole.

GAP ANALYSIS AND DELIVERY MATRIX

Table 11 shows the services and facilities required to develop a business centre in Macedon Ranges Shire. The table also provides an assessment of the areas required and the facilities/ services offered by existing providers in the Shire including Woodend Business Centre, New Gisborne Workspace Australia as well as Workspace Australia Eaglehawk (where its head office is situated).

It is important to note that New Gisborne Workspace Australia tenants have access to business advisory services and on-going consultations; however, such services are only available in Workspace Australia offices in Castlemaine and Bendigo. As such, there are currently no available subsidised local venues to host business advisory services in the Shire for both tenants and the wider business community.

TABLE 11 DELIVERY MATRIX

Services/Facilities Required	Area Required m2	Woodend Business Centre	Workspace Australia (New Gisborne)	Macedon Ranges Shire Council business support program	Workspace Australia (Eaglehawk, Head Office)
Phone support, messaging and mail services;	10				
Photocopying and printing facilities;	10	√			√
Meeting room facilities (3 small 10m2 rooms and 1 large 100m2 room), available to virtual tenants as well the general business sector;	100	√*			√
2 – 3 hot desks	25	√			
Website facilities (description of services and online accounts with access to business information and research);	-				
Provision for business workshops	-			√	√
Provision of mentoring and business advisory services for virtual tenants; and	-			√	√
Networking meetings, events and group consultative sessions.	-			√	
Office facilities (short, medium & long term)	350	√*	√*		√*

√ – IF SERVICES/FACILITIES CURRENTLY PROVIDED; * DOES NOT PROVIDE FOR THE FULL AREA SPACE REQUIRED.

APPENDIX A CONSULTATION OUTCOMES HEADING SOURCED FROM PHONE INTERVIEWS

Interviews were conducted with a cross section of township based and rural businesses across the Shire.

	Existing Services	Potential Business Centre Services
Networking/Events/Associations	<ul style="list-style-type: none"> -Businesses regularly attend Council hosted networking events - Business are also part of broader associations and networking groups beyond the Macedon Ranges Shire (as their business generally extend beyond the Shire itself) 	<ul style="list-style-type: none"> - Businesses were generally satisfied with Council initiatives of hosting such events; however, business would like to see more targeted groups attending these events (and not a broad mix of business sectors) -Businesses were also keen to see more 'organized networking events' in terms of facilitating discussion between businesses instead of allowing them to form into 'cliques' -One business felt networking events were 'too long'
Virtual Business Centre	<ul style="list-style-type: none"> - Business do not employ any virtual centre services 	<ul style="list-style-type: none"> - Business would unanimously join such a virtual centre - One business commented that they would join at the 'drop of a hat'; businesses were excited at the prospect of such a virtual centre, being able to meet the administrative service needs and provide group consultative networking event(s) - Access to meeting rooms and conference rooms were regarded as good and complimentary services necessary for the virtual centre - However, one major constraint would be that a large portion of the businesses are not familiar with potential of such virtual services; as such, Council must facilitate these businesses through easy to understand processes
Infrastructure Services (Meeting rooms, Office Spaces, Conference Rooms, etc.)	<ul style="list-style-type: none"> - Businesses do not employ the infrastructure services of any existing business centre - If a business needed to organize a meeting, they would utilise large conference room facilities or within the clients office space 	<ul style="list-style-type: none"> - Business said there was a shortage in 'flexible' and 'accessible' meeting rooms and conference room facilities - Business were unsure at the prospect of relocating into office space;
Administrative Services (Telephone messaging, mail collection services, photocopying and printing)	<ul style="list-style-type: none"> - Some businesses currently employ virtual phone messaging services (Melbourne-based services) - Some businesses employed printing services in Office Works (Watergardens) as the local printing services (for small print volumes) were 'too expensive in Macedon Ranges' 	<ul style="list-style-type: none"> - Businesses saw a great need in accessing administrative services, especially when they were away from the office (on overseas trips, client visits, etc.)
Business Advisory Services	<ul style="list-style-type: none"> - Business employed external consultants and business coaches to get independent feedback on their businesses 	<ul style="list-style-type: none"> - Business were felt positive at the prospects of Council organized workshops - Businesses would like to see more 'in-depth' marketing workshops (such as new media marketing, marketing to locals in Shire, etc.)
Subsidised Office Space	<ul style="list-style-type: none"> - Business do not employ any business incubator services 	<ul style="list-style-type: none"> - Home based businesses were unsure at the prospect of relocating into a business centre; however, they stressed that they were interested in flexibility of 'trying out' various services first to see if it 'fits in' with their business -They mentioned also moving into such an business centre would have to be done in 'stages'; first joining a virtual centre, trying our meeting room facilities and administrative services and eventually (when comfortable) move into such a physical subsidised office space
Preferred Location of Business Centre		<ul style="list-style-type: none"> -Gisborne saw the most preference for the establishment of such a Business Centre (as it was regarded as centrally located, the main economic centre and known to outside visitors/businesses). Businesses consulted were currently operating across differing townships in the Shire. -Business also would engage with a business centre located in Woodend (as it was in between Kyneton and Gisborne) or Kyneton (another key economic centre to the Shire)