

Small Business Futures

Positioning for Profit: Opportunities for Capital Region Businesses 2007-2012

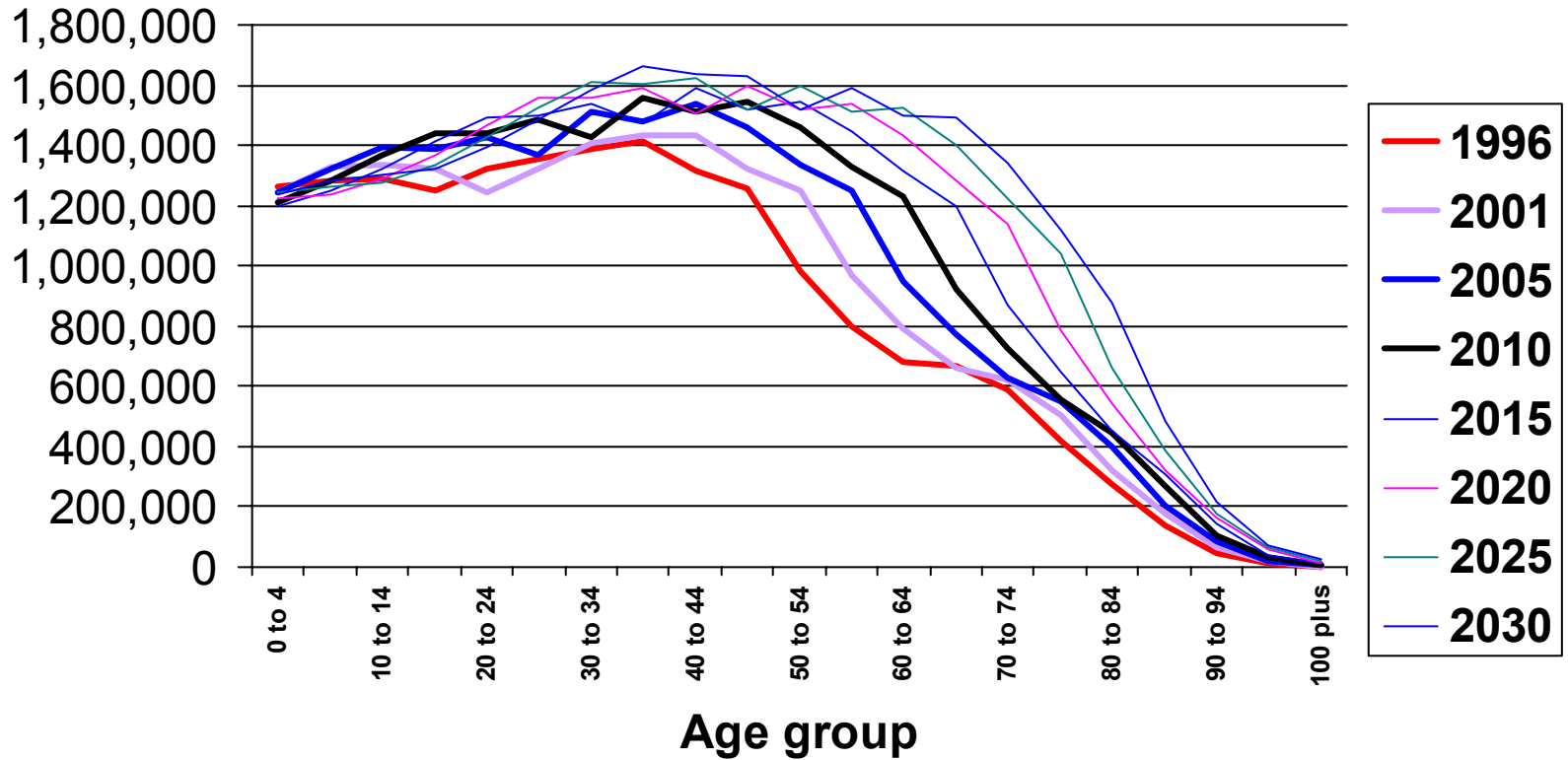
Capital Region Business Expo
24 May 2007

Dr Kim Houghton
Strategic Economic Solutions

Opportunities

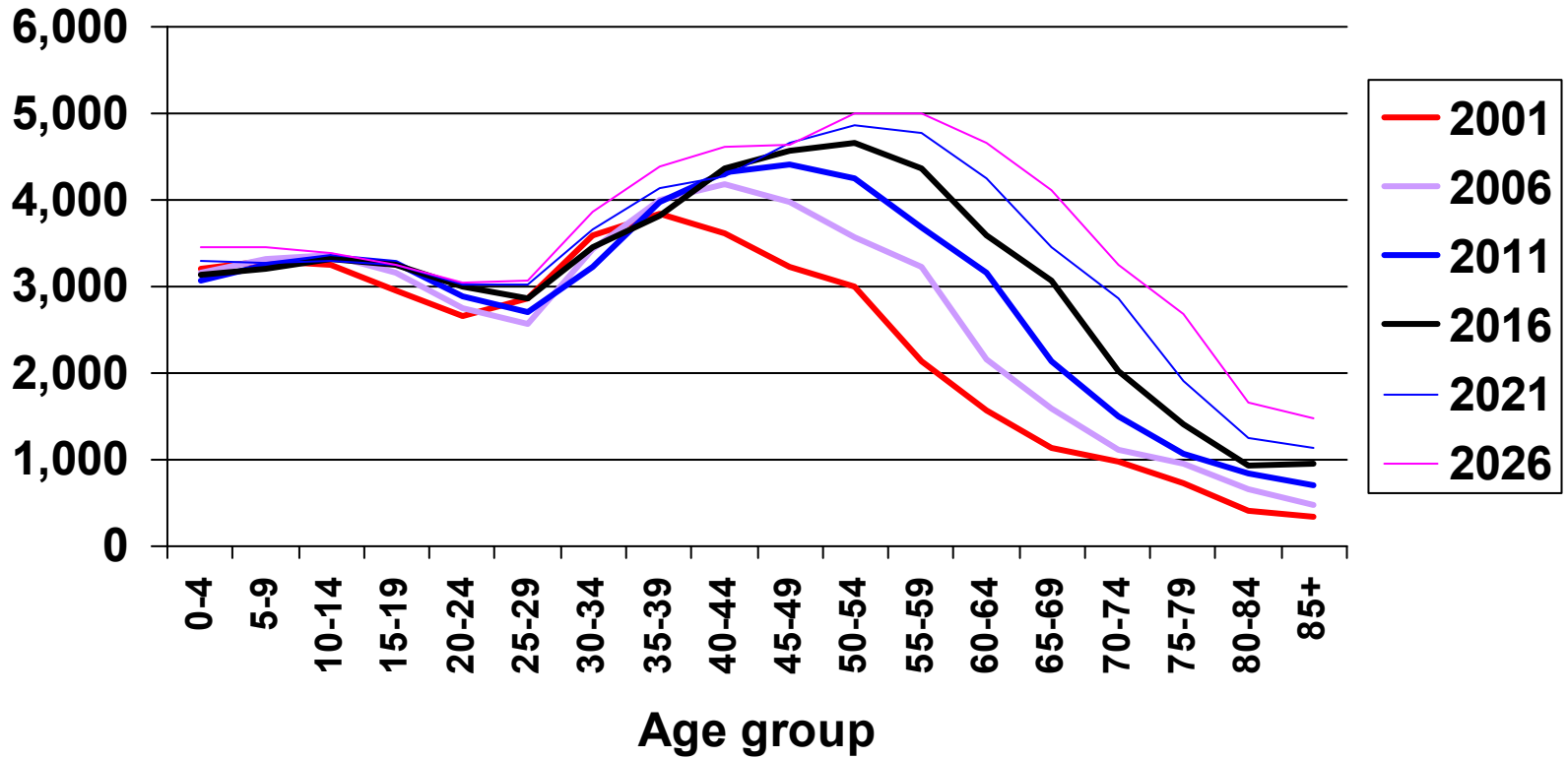
- Changing markets
- Customer led, Customer loving
- It's all about value – not price
- Business Hot Spots
- Making memories, selling experience
- What's over the small business horizon?

We are changing



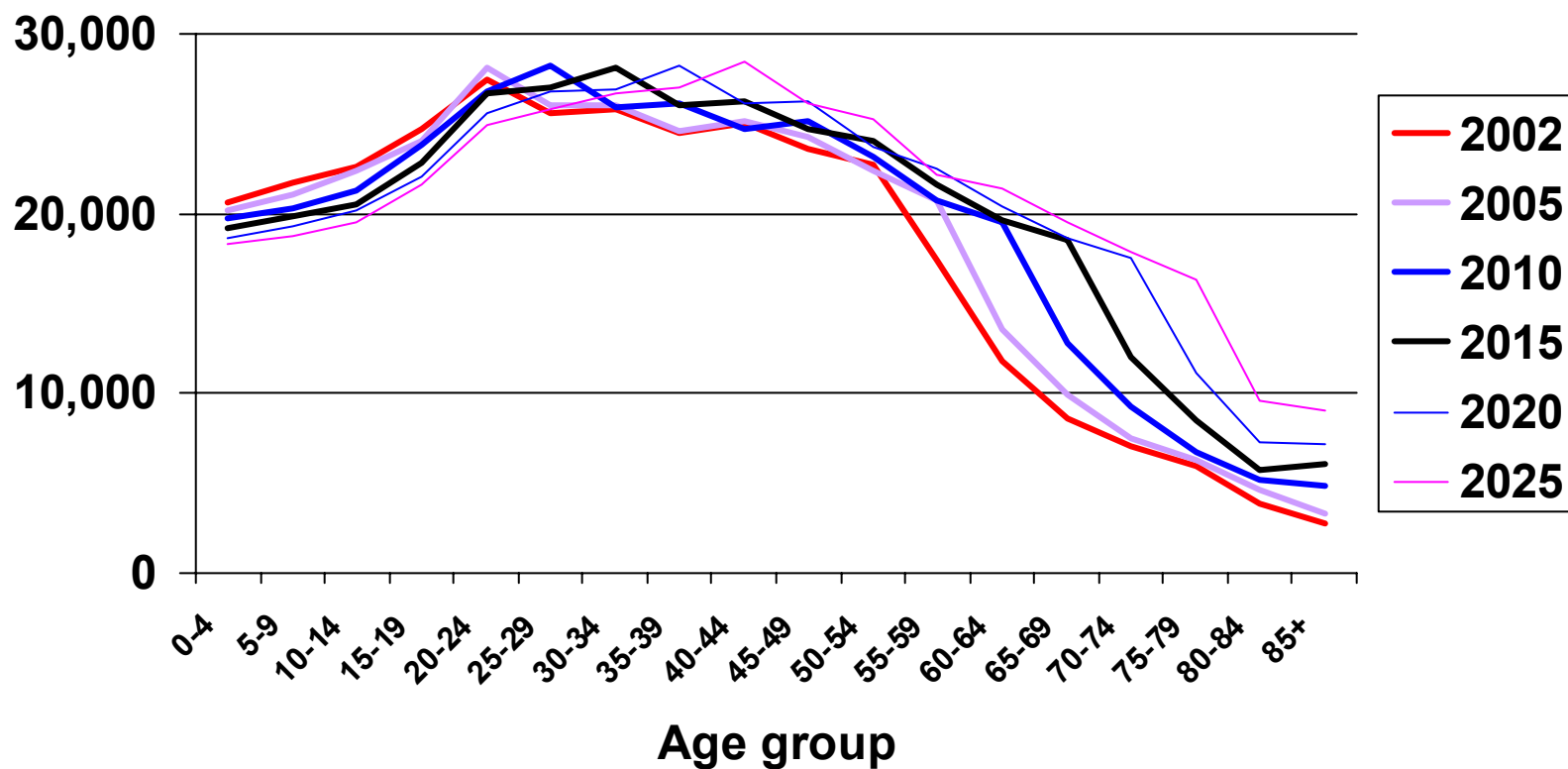
Source: ABS National Population Projections (Series B) 2003 – ABS Cat 3222.0.

Queanbeyan population forecasts



Source: NSW Government, DIPNR, Transport and Population Centre (2004). The numbers are based only on population mix and birth/aging/migration trends, and do not take economic or other initiatives into account.

ACT population forecasts



Source: ACT Government, Chief Minister's Department, 2003. The numbers are based only on population mix and birth/aging/migration trends, and do not take economic or other initiatives into account.

Upcoming developments

- Queanbeyan over next 15 years:
 - 10,000+ homes
 - 9,000+ jobs
- ACT over next 5 years
 - Up to 14,000 dwelling sites (Harrison, Forde etc)
 - Retail space growth of up to 15%
 - Up to 180,000 sqm of new office accommodation
 - Up to 40ha of industrial land
- Next 5 years
 - 300 new B2C businesses
 - 300 new B2B businesses

Hot Spot 1

Power Consumers

Three emerging groups will underpin purchasing from smaller businesses over the next decade:

Wealth-driven Upshifters

Quality-driven Downshifters

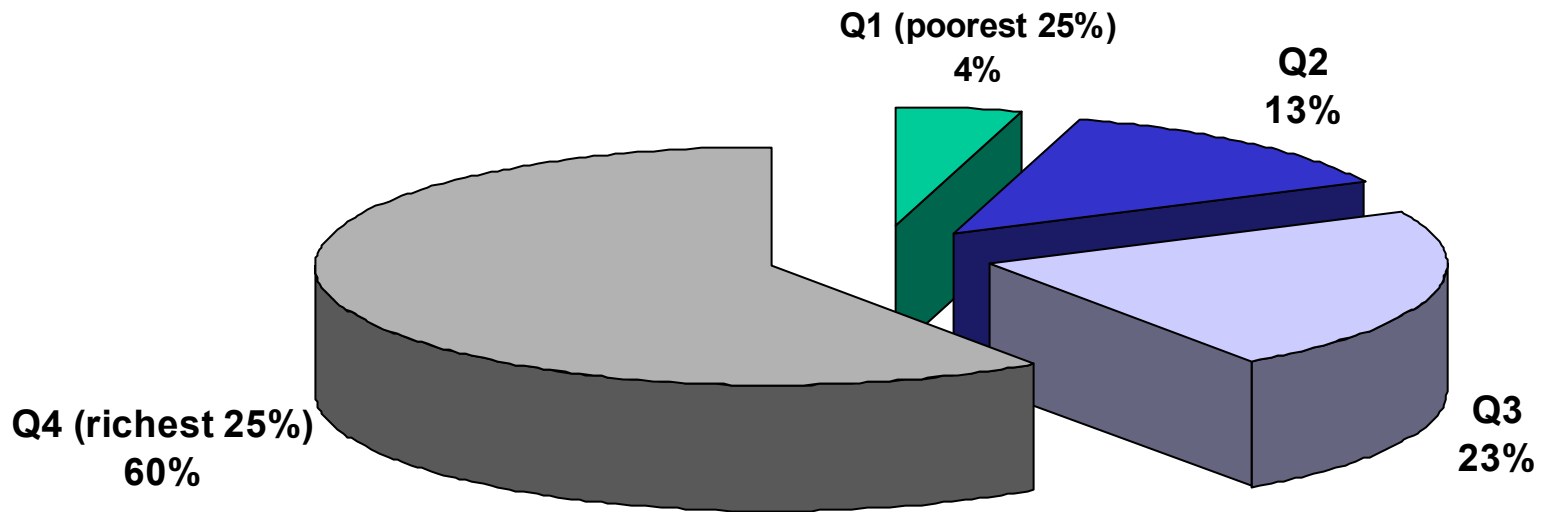
Active and Affluent Retirees

Active and Affluent Retirees

- Queanbeyan/ACT has around 36,000 residents over 65 (9%)
- Forecast to rise to 85,000 by 2025 (19%)
 - NSW from 14% to 20%
- Baby boomer generation is wealthier than previous generations of retirees,
 - Average net wealth of 45 to 62 year-olds at \$381,000 is almost triple that of ten years earlier
 - Mostly equity in the family home

Active and Affluent Pre-Retirees

45-61 year olds (4.3m) net wealth 2004



Baby boomer wealth is polarised – richest 1/4 \$910,000 per person, next 1/4 \$342,000 per person

35% and 52% in share of family home (NATSEM 2007)

Hot Spot 2

Selling Services

- Individuals will do what big businesses have done
- Households will 'outsource'
 - Household services
 - Child and aged care
 - Health & recreation
 - Knowledge brokers

Hot Spot 3

Selling Services to Business

- Small businesses are doing what big businesses have done
- Outsourcing
 - Lack of time a major constraint on growth
 - Buy time, buy services
 - Thinking, acting and competing like a big business
 - Buying capability – marketing, packaging etc

B2B examples



Services

- What are you selling?
 - A service?
 - Or a means to an end?
- What are you selling?
 - One process?
 - Or many applications?
 - Spreadsheet Modelling Systems
 - Re-purposing

Choice markets for small business

High value and high service
Customers well worth loving!

What's next?

- Expect more and more starters
- Push: dreamers, non-retirees, young people,
 - Values and balance
 - “Want to be your own boss?”
- Pull: low-overhead knowledge-based businesses
 - Outsourcing from small& medium business & households
 - *PodCast Productions; James; Hydro Dog*
 - Genuine personal service and difference
 - Trusted, authentic businesses

The Experience Economy

- Customers are buying experiences and memories
 - BridgeClimb
 - Beechworth Bakery
 - Elvis Parsley's Grapelands
 - From beauty salons to day spas



Opportunities?

- Do it exceptionally well
- Get the marketing right
 - Love those customers!
 - Use technology
- Do it exceptionally efficiently
 - Buy expertise and maximise your earning hours

Make Your Own Luck!

- Grow cleverly
 - Biggest barrier?
 - Lack of your time – not lack of customers!
 - 17% working over 50 hrs/week
- Best time to be in small business?
 - since 1765 and the start of the Industrial Revolution!



Small Business Futures

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