South Australia’s Entrepreneurial Ecosystem: Voice of the Customer Research Report

For the Government of South Australia
Department of State Development
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Prepared by Dr Allan O’Connor and Gerard Reed
Entrepreneurship, Commercialisation and Innovation Centre (ECIC)
University of Adelaide, AUSTRALIA 5005
Ph: +61 8 8313 0188  Fax: +61 8 8313 7512
e-mail: allan.oconnor@adelaide.edu.au
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Acknowledgement

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Executive Summary

In 2016, South Australia (SA) will lose the last major automotive manufacturer in the state; General Motors Holden. Far from being complacent, much energy is being placed into stimulating new industry sectors and one initiative is concerned with developing the entrepreneurial ecosystem. This report details research associated with this initiative that was designed to identify opportunities that may exist to assist and develop the diversity of the Adelaide Entrepreneurial Ecosystem (AEE).

The research explores the possibility that support may be potentially derived from the public sector to be placed strategically to assist and nurture the organic nature of the AEE. The research design consisted of a series of focus groups that targeted a diverse set of entrepreneurs at various stages of venture development and operating in various industry sectors. The research was deliberate in its attempt to hear from entrepreneurs who had experienced or are experiencing Adelaide’s entrepreneurial ecosystem for better or for worse.

The defining characteristic of SA’s entrepreneurial ventures seems to be through the nature of the opportunities pursued by South Australian entrepreneurs. The research participants portrayed the entrepreneurial ventures of SA as those that were organically growth oriented, driving employment growth through products and services that serve a social good and are disruptive to the market status quo through the adoption of new technologies or business models. Perhaps the roots of this characterisation in this way may be found in the observations about the AEE. Collectively, the participants portrayed the AEE as light-on with respect to early-stage finance, forcing organic growth; may be inspired by unemployment and job redundancy as much as specific opportunity, drawing attention to need to employ people; is populated by entrepreneurs that seem to hold genuine care for society, that may inspire ventures of social good; but all the while acknowledges the interaction of entrepreneurship with innovation, that leads to a disruptive objective toward market places.

While many negative sentiments are outlined with respect to the state of the AEE equally there are positives. On balance, there is enthusiasm for AEE developments particularly as it would seem that to date that the effectiveness of the AEE is not reaching its full potential. In this regard nine (9) interventions are suggested that may have some impact on improving the AEE effectiveness. Two of the interventions identified may be particularly and potentially impactful. The first is to improve the seed-financing conditions in the state for high-cost technology ventures and the second is to more closely engage with new immigrants who to date have been somewhat isolated form the AEE due to cultural differences and limited access to local entrepreneurial networks. Many business migrants have exceptional skills and talent, strong independent networks and an ambition to succeed but at the same time they are faced with conditions that limit their ability to engage in truly entrepreneurial ventures and opportunities.

In addition to these two particular interventions, five other key recommendations are proposed. These are: include awareness programs on the AEE map to make the full AEE visible; introduce entrepreneurship education into secondary school and university to make transparent the entrepreneurial career; close the loop on the research agenda to develop an entrepreneurial ecosystem measurement methodology to assist policy-making; consider interventions carefully (including the ones suggested in this report) to understand both intended and unintended consequences, and; work continuously, collaboratively and cooperatively
across the private and public sectors toward maintaining a balance between the liveability of SA while improving the entrepreneurial potential of the state.

SA as a state and Australia as a nation has a history, culture and a socio-political context that predisposes the nation to accept and expect government intervention to advance the socioeconomic welfare of Australia. While much of the entrepreneurial ecosystem discourse emanates predominantly from the United States of America (USA or US), little attention is being paid to the particular tools of government that assist to nurture and cultivate an entrepreneurial ecosystem. This is because the US proponents of an entrepreneurial ecosystem start their analysis from the historical, cultural and socio-political contexts of the US and therefore the assumptions that underpin what constitutes a favourable entrepreneurial ecosystem are embedded within that specific setting. While much can be learned about what characterises an entrepreneurial ecosystem (particular if the US model of the ecosystem is considered the ideal), there is limited useful insight being provided on particular strategic interventions, and the tools of policy, as the settings of policy are subsumed as the backdrop for the US analysis.

The research set out to ascertain the nature of the AEE and in particular to listen to the voices of its customers. In making relevant adjustments to realise the full potential of the AEE it will require investment from a range of third parties that contribute to the AEE structure. This report, for the most part, focuses on the contribution of government but by recognising the organic structure of an entrepreneurial ecosystem, it not only opens the doors for others, it almost certainly demands the attention of all others to work toward creating an attractive entrepreneurial ecosystem for private enterprise and investment to work cooperatively with government. We urge all to play their part to positively improve the AEE and engage in constructive dialogue to identify opportunities for South Australia to create its own entrepreneurial ecosystem model that will be readily recognised by world-class standards.
Preamble: About the ECIC
The Entrepreneurship, Commercialisation and Innovation Centre’s (ECIC) mission is to stimulate Australian innovation through entrepreneurship and commercialisation research, education, and training. As part of the Faculty of the Professions at the University of Adelaide (UOA), it has a core team of experienced faculty and affiliates who have owned and operated their own businesses and who are across contemporary entrepreneurship theories, models, and practices.

To achieve its mission the ECIC engages in research, education, and community engagement activities relating to entrepreneurship, innovation, and complex systems and has built considerable strength in its capabilities in each of these areas.

Background and Objectives
The Government of SA’s Department of State Development (DSD) [formerly known as the Department of Manufacturing, Innovation, Trade, Resources and Energy (DMITRE)], currently, lacks high-quality data to inform policy and program development in the area of entrepreneurship support, including support for the development of Adelaide’s entrepreneurship ecosystem as a whole. This project is intended to narrow that gap and builds upon work conducted by industry representatives with the support of Adelaide City Council (ACC) to map a support program view of the AEE. Other prior work by the ECIC examined the structure of Adelaide’s entrepreneurial ecosystem. DSD sees this current research project, acquiring ‘customer’ insight, as the next step in building a body of knowledge about entrepreneurial activity in the state of SA which is intended by the ECIC research team to be expanded in the future to enable benchmarking with entrepreneurial activities in other state and national jurisdictions.

Completion of this research will:
- Profile the current and non-current ‘customers’ (from specifically agreed groups with entrepreneurial potential) of Adelaide’s metropolitan entrepreneurship ecosystem
- Develop case studies of the entrepreneur’s journey from their own experience – i.e. how different customer/user segments interact with the various programs and support mechanisms
- Identify the ‘pain points’ and gaps in existing South Australian support mechanisms across the South Australian regions and provide opportunities for improvement in state-wide government entrepreneurial support programs

While this research may be considered as a single and discreet project it is also one step in a pipeline of research that is designed to have significant strategic benefit for SA as outlined in Figure 1.

The Origins of this Research
The South Australian Department of Manufacturing, Innovation, Trade, Resources and Energy (now the Department of State Development) commenced a line of work to better understand the entrepreneur’s role and contribution towards economic development in 2012. The original aim was to develop a set of leading indicators for monitoring and measuring the penetration and influence of government program interventions on entrepreneurship. The leading indicators were proposed as those that examined the human characteristics associated with entrepreneurship and the influence of these characteristics on organisational behaviour in small and medium enterprises (SMEs). The assumption underpinning this approach was that by monitoring such indicators it would provide a predictive or probability based method for determining whether government interventions were likely to lead to economic performance outcomes in an SME driven economy, such as SA.

This initial phase of commissioned work engaged the ECIC to produce a literature review to provide a detailed exposition of how entrepreneurship characteristics influenced economic development. This work resulted in the *Entrepreneurship Characteristics and Economic Development: Filters and Determinant Measures* report (O’Connor, Corral De Zubielqui, Li and Dissanayake 2013) and highlighted how the
characteristics changed as an entrepreneurial venture moved through its cycle of development. It also identified the interlinkage between the individual characteristics and the venture's characteristics and showed how policy interventions could have different influences at different stages of a venture's lifecycle. This foundational piece of work ignited a broader discussion about entrepreneurship among the entrepreneurial community and led to the next foundational phase to this current research work; the Entrepreneurial Adelaide project.

Entrepreneurial Adelaide commenced as a movement initially under the working title of 'Towards a City of Entrepreneurs – The Emergence of Adelaide as a Recognised Startup Community' (Daly, 2013). It owes its genesis in response to a catalytic question posed in December, 2012. That question asked: ‘[with] so much happening to support entrepreneurship in Adelaide how ... do you keep track of it?’

The question inspired Mr Paul Daly to adopt a self-directed research project to pursue an answer and an understanding of what he and others had also wondered. Subsequently, with the assistance of the ACC, a meeting was held on the 4th of January 2013 with seven out of the ten invitees from the entrepreneurial community in Adelaide attending the meeting. Preliminary research into the programs that supported entrepreneurial activity in Adelaide was tabled at this meeting that represented four categories of entrepreneurship support. The meeting participants developed this further adding programs and using coloured ‘sticky notes’. Yellow was used to denote ‘Education Programs’, pink for ‘Networking Programs and Events’, blue for ‘Incubators, Accelerators, and Co-Working Spaces’, and green was used to identify ‘Government Support Programs and Investors’. This mapping exercise was the first iteration of what has now become known as the map of the AEE.

![Image of the South Australian Entrepreneurial Ecosystem Research Pipeline: Steps, Funding and Participants]

The AEE map filled a gap that helped to interpret the landscape of an ecosystem, in this case within the context of the city of Adelaide and its environs in the state of SA. The original absence of such a device was perhaps indicative of the very nature of an ecosystem. This is due, in part, to the fact that the constituent contributors of an ecosystem (Hwang & Horowitz, 2012), being participants in it and elements or subsections of it, are not always equipped with the ability to view the ecosystem holistically or in its entirety. Further meetings were held with working groups being established on five topic areas, namely; Ecosystem Governance, Marketing and Communications, Early-stage Funding, Education, and Social Media and the Internet. Two public forums were also convened on the 25th June 2013 and the 3rd of September 2013. All those within the structure of what then became known and referred to as the AEE, have continued to contribute to the map and the latest iteration of the ‘Adelaide Entrepreneurial Ecosystem Map’ (Draft 6.5 March 2015, See Appendix A) now contains eight categories and the colour themes have been extended. The map is regularly updated according to new entrants and recent exits.

The AEE proved to be quite useful and a practical tool for the entrepreneurial community. It also inspired another point of enquiry for a small team at the ECIC that was undertaken immediately prior to this current...
research. The ECIC team, Allan O’Connor and Gerard Reed, examined Adelaide’s entrepreneurial ecosystem through the lens of the industry and the ACC supported AEE map. The map included eight categories of support providers including direct fee-for-service providers, such as Advisory Services and Investors, and intermediaries providing indirect education and training, business accommodation, networking opportunities and other assistance programs. The research involved conducting a set of interviews with the targeted set of service providers drawn from the AEE map. The work produced a limited profile of the ecosystem through internal perceptions about: ‘stakeholder’ expectations and influence, the perceived and/or real barriers to development of the ecosystem and the perceptions of entrepreneurial influence. This prior research was designed to inform the development of this current study – the Voice of the Customer – that aimed to locate the customer and user perspectives of the AEE.

Two planned subsequent steps to this current research are presently not funded or in progress. However, work is proceeding to secure international partnerships and explore funding avenues to advance toward developing a state-based Entrepreneurial Ecosystem assessment methodology to leverage the work conducted through the various research steps taken to date.

The Current Voice of the Customer Research Design
The following outlines the proposed research design for this current project and the variations that have occurred as the design has been moved into implementation. The research commenced with three design elements:

1. The research proposed to conduct twelve (12) focus groups with customers and end-users of the AEE to examine the utility and fit-for-purpose issues associated with the assets and resources of the AEE (see the AEE map in Appendix B).
2. With the cooperation of the service providers and intermediaries, eight (8) focus groups would be drawn from the customer and end-user databases of the providers as outlined in the AEE map categories.
3. A further four (4) focus groups would be run with groups nominated by DSD (then DMITRE) as potentially non-engaged sectors with the AEE which may include metropolitan or regional clusters, university science and technology commercialisation, 16 to 25 year old young entrepreneurs, women or other minority entrepreneurial groups. All focus groups were proposed to run at the ECIC on the university campus.

With consultation, the research design was amended through implementation with some minor variations to the proposal. In the end, seventeen focus groups were scheduled; five over the originally proposed twelve. However, only fourteen focus groups have actually been conducted due to no participants registering to participate in three of the scheduled sessions. The agreed special interest segments were those at the geographical margins (referred to hereafter as the metropolitan boundary groups), women, youth and immigrants. The metropolitan boundary groups attracted few specific registrants in the north and south with two focus groups attracting only one participant each. The metropolitan boundary group west (Port Adelaide) attracted eleven participants across two sessions. The women’s focus group attracted nine registrants across two sessions. Three immigrant groups were conducted attracting nine participants and the youth focus groups conducted in May 2015 attracted three participants. The additional focus groups were needed to attract a fair coverage of participants among the specific sub-groups increasing the time commitment of the study. Where single participants were attracted, the focus groups were conducted as interviews. The same focus group procedure was generally followed for individual interviews.

Table 1.0 summarises the focus groups conducted with the total number of participants tallying forty-three (43).
The emerging concept of entrepreneurial ecosystems
The notion of an entrepreneurial ecosystem is not particularly new although other terms have been used to
describe it. For instance Garlick (2000) in an Australian report at the turn of the century described a regional
milieu as representing “an area big enough to embrace a wide range of the essential ingredients required to
generate competitive economic development, including being a national launch pad for distinctiveness in the
global economy for its enterprises and institutions”, (p.3). Stathopoulou, Psaltopoulos and Skuras (2004)
have also sought to develop a framework for entrepreneurship research in rural European milieus. However,
the concept of the milieu for entrepreneurship has in some quarters developed and is more recently being
described as an entrepreneurial ecosystem (Hwang & Horowitz, 2012).

The description of the relationship between the entrepreneur and firms with the broader environment, or
ecosystem, introduces a systems perspective into the study of entrepreneurship, it acknowledges that
entrepreneurship does not start and stop with the actions of an entrepreneur or their firm but instead it
includes the ecosystems that thrive when multiple sectors and actors work together to create a supportive
environment for entrepreneurship (Nadgrodziewicz, 2013). Following this line of thinking also inspired a
separate but related body of work in SA that resulted in an edited volume of papers from South Australian
researchers, that each examined aspects of the entrepreneurial ecosystem, with an aim to identify how
innovation is integrated into a regional economic development agenda (Roos & O’Connor 2015).

From a systems view, governments can have both a positive or negative affect on the institutional settings
that support the development of entrepreneurship in regional entrepreneurial ecosystems. Isenberg (2010)
has described the elements within an entrepreneurial ecosystem classifying them into six main categories: a conducive culture; enabling policies and leadership; availability of appropriate finance; quality human capital; venture friendly markets for products and services; and a range of institutional and infrastructure support. The institutional elements of the ecosystem are integral mediators of entrepreneurial success (Alvarez, Urbano, Coduras & Ruiz-Navarro, 2011) that changes from place to place and from time to time. The implication of this perception of entrepreneurship is that to obtain the best economic development outcomes from an entrepreneurial ecosystem there is a need for some form of management of the system.

However, caution is needed in the literal use of the ecosystem analogy. As Holling (2001) outlines, human systems differ from (eco)systems of nature due to foresight/intentionality, communication and technology. If human systems were considered to behave as natural ecosystems, then proactive management and governance of the system would not be warranted or expected. Therefore, the role for government in such circumstances would, at best, be purely reactive governance of the ecosystem to maintain the health of the ecosystem in response to the changes imposed by the actions of particular actors within the ecosystem. At the extreme, there would be no role for governance and therefore no actions for government. Proactive governance on the other hand alters the natural order of things whereby interventions are designed and implemented to reach a preferred position of the ecosystem, achieve goals and outcomes that presumably are intended to improve the conditions of the human systems. In the context of this work the natural ecosystem concept has its limitations as a metaphor and in reference to entrepreneurial ecosystems we assume a human or social ecosystem is the appropriate unit of analysis and accept that proactive governance, whether by government or others, is intended, expected to some degree, and inherent in the system.

In Australia at least, entrepreneurship is only just emerging as a legitimate part of Australian policy as may be evidenced by the Australian Government’s announcement of the formation of the ‘Entrepreneurs Infrastructure Program’ (Commonwealth of Australia, 2014). Up until this time, innovation and commercialisation have been the main focus of previous Federal governments, often neglecting the extent of the challenge that faces new and established firms to build local commercially thriving businesses from the world of innovation, research and new knowledge. In Adelaide, and SA particularly, the urgency for economic renewal and transition is focusing the attention of policy-makers and others on the role that entrepreneurship can play in re-shaping an economy and introducing innovation, and hence the entrepreneurial ecosystem has been highlighted as an area for policy attention.

**Focus Group Procedure and Protocol**

The research was designed to gain a clearer understanding of how well Adelaide, as a City of Entrepreneurs, functioned. Participation was entirely voluntary and there has been no obligation placed on any participant to be included or answer any questions that made them feel uncomfortable. The names of the focus group participant members are confidential and no individuals or organisations are named within the findings of the research without explicit participant permission.

Each focus group was conducted over approximately three hours of duration. The focus group sessions opened with introductions, an overview of the research background and the clearance of permissions. The working body of the focus group allowed a maximum of twenty (20) minutes for each of seven (7) key question areas (refer Table 2.0 below). The focus groups closed with a thank you and acknowledgements, next steps and the collection of a short demographic data survey for reporting the profile of the research respondents.

The process design of the focus groups was planned according to the following procedure:

**Step 1:** Each participant was asked to provide an initial individual response to each focus group question using keywords or phrases that captured immediate responses on provided post-it-notes. Group discussion was avoided as much as possible at this point.

**Step 2:** Post-it-notes were collected on a sheet of paper which was collected by one of the facilitators.
Step 3: Initial thoughts were then shared among the focus group members while the facilitator captured emerging key ideas on a white board.

Step 4: The facilitator worked with the group to shape a group agreed response to each question.

In implementation some variation to this procedure did occur. The white-boarding of group responses only seemed appropriate for questions 1, 2 and 7 whereas questions 3-6 on the services experienced or aware of at the stages of development were less of a group response but more a collection of experiences. These were therefore collected in note and audio recording form and the reported responses are based on the group reflection of experiences.

Table 2: The seven question areas

<table>
<thead>
<tr>
<th>Question Areas</th>
<th>Key Probing Question</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Entrepreneurs and entrepreneurial endeavours</td>
<td>Please describe in a few key words what you think entrepreneurs and entrepreneurial endeavours are?</td>
<td>Understanding individual/group perceptions of the entrepreneur and entrepreneurial endeavours</td>
</tr>
<tr>
<td>2. Industry dynamics</td>
<td>Please describe in a few words how the industry within which your business operates may positively or negatively influence the start-up, development and growth of your business.</td>
<td>Contextualise individual and industry with respect to ecosystem needs</td>
</tr>
<tr>
<td>3. Business start-up ecosystem experience</td>
<td>What business start-up support do you know of and is available in the Adelaide metropolitan area?</td>
<td>Explore the perceptions and knowledge of support structures for business start-up</td>
</tr>
<tr>
<td>4. Early-stage business survival ecosystem experience</td>
<td>What early-stage (the first 12 to 24 months after start-up) business survival support do you know of and is available in the Adelaide metropolitan area?</td>
<td>Explore the perceptions and knowledge of support structures for early-stage business survival</td>
</tr>
<tr>
<td>5. Business growth ecosystem experience</td>
<td>What business growth support do you know of and is available in the Adelaide metropolitan area?</td>
<td>Explore the perceptions and knowledge of support structures for growing businesses</td>
</tr>
<tr>
<td>6. Business sale, entrepreneur exit ecosystem experience</td>
<td>What support do you know of and are available in the Adelaide metropolitan that supports the sale of a business and the exit of the entrepreneur from a business?</td>
<td>Explore the perceptions and knowledge of support structures for business sale and exit</td>
</tr>
<tr>
<td>7. Entrepreneurial ecosystem overview</td>
<td>What has been your general experience of the support in Adelaide? What are your perceptions of barriers? What are your perceptions of drivers? What problems do you perceive? What do you think are underlying causes of these problems?</td>
<td>Explore the perceptions of Adelaide’s culture in the entrepreneurial ecosystem</td>
</tr>
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In the occurrences where there were only single participants white-boarding the ‘group’ responses was also not appropriate and so the responses were collected instead through note-taking and audio and/or visual recording only.

The reporting of the findings also draws reference to the map of the AEE (see Appendix B) as it was available at the time. To profile the support search tendencies of entrepreneurs at various stages of a venture, the eight categories of support services provided by the map were used as a basis of category allocation. All categories were used as given with the minor exception in the category of ‘Investors’ which, based on the observations of the search patterns of entrepreneurs, we re-named ‘Investment’ to more closely align with the intent of the search carried out by the entrepreneurs. Even so, the term ‘Investment’ can be misleading as the main intent among the entrepreneurs is to secure funding which may include non-investment strategies such as obtaining grants, self-financing, secured or non-secured loans and generating revenue.
Participant Profile

Of the total 43 participants, 24 were male and 19 were female. The average age of the participants was 43.8 years and the age profile as a percentage of the total focus group participation closely mirrored the Global Entrepreneurship Monitor (Australian Centre for Entrepreneurship Research 2012) age profile of early-stage (with ventures up to three and half years old) entrepreneurs (See Figure 2). The AEE sample though included older ventures and recorded some older entrepreneurs. Although not an ideal comparison, the similar profiling suggests the sample ages were indicative of a general population of entrepreneurs.

The majority (37) of participants were university educated with six having completed vocational education post-secondary school. Prior to starting their current venture, most (25) were experienced in the private sector with nine having prior experience in the government sector, seven were previously self-employed and two were students. Thirty-seven of the participants reported prior management experience. One indicated no management experience and five did not indicate their prior experience. On average they had over twenty-two (22.5) years of work experience and seventeen had indicated entrepreneurial experience prior to their current venture that averaged a little over six (6.3) years.

The average age of the participants’ current ventures was eight (8) years with just under half of the ventures (20) reporting being in the growth phase having achieved their first sales more than three and a half years ago. Of the remaining ventures five were in the pre-start-up, seven were new start-ups, five were dealing with survival and three were looking to exit their venture. A further three did not indicate the stage of their venture’s development.

An interesting characteristic of the participant businesses is revealed when the industry sector within which they describe their businesses is analysed. Thirty-seven (37) of the forty three businesses would be best described as services. The sectors for these ventures included education and training, business services, web or application development, social media, advertising, marketing, human resources, health care, property services or similar. Three businesses were represented in what may be more complex value chains being in the construction, publishing and manufacturing sectors. Keeping in mind that the participants were recruited to the focus groups through third party recommendations, nominating those who were considered to be entrepreneurs at various stages of venture development, the nature of the businesses suggest a service oriented bias in Adelaide’s entrepreneurial ecosystem. While some ventures trade (or potentially will trade) beyond the local or state boundaries, the supply or value chains may be relatively short and/or there may be limited need for deep engagement, reliance or collaboration with other local businesses. This profile may result in low knowledge accumulation/density among the state’s business population.

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Footnote 1: The GEM age categories do not perfectly align with the GEM age ranges being 18-24, 25-34, 35-44 and 45-64 years.
Analysis and Findings

In this section, we develop an overview of the AEE provided by the aggregated data by summarising the findings of the question headings conducted in the focus groups. We then follow this with a more detailed analysis of the metropolitan/boundary, female, immigrant and youth sub-groups.

Entrepreneurs and entrepreneurial endeavours (Question 1)

For the first question of each focus group we wanted to understand how the participants would describe an entrepreneur and the entrepreneurial endeavours of an entrepreneur. The idea was to identify if there were any particular traits or characteristics of entrepreneurship that may be peculiar to Adelaide’s entrepreneurial ecosystem. In aggregate however, little can be observed that would not likely be claimed by asking this same question of any number of diverse groups of people.

Table 3: Characteristics perceived of entrepreneurs and their endeavours in Adelaide’s entrepreneurial ecosystem

<table>
<thead>
<tr>
<th>Differentiating entrepreneurship →</th>
<th>Opportunity centric enterprise →</th>
<th>Entrepreneur attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business founder (commercial or social) OR Intrapreneur</td>
<td>Growth oriented (but perhaps inclined more toward organic growth) Generating employment and social good Disruptive (technology and/or business model)</td>
<td>Propensity for risk Making money (for profit or non-profit surplus) Original ideas Innovative Creative problem solvers Visionary, flexible, ambitious and agile Determined and persistent Enjoy challenge Passionate Confident in self &amp; idea Networker Leader Team player Adaptive Responsive Action focused</td>
</tr>
</tbody>
</table>

Generally, the participants emphasised that entrepreneurs were distinguishable from business owners although it was broadly acknowledged that entrepreneurs found business ventures either for profit or not for profit. The character of these enterprises is defined by the opportunity which is growth oriented (although likely to be inclined toward organic growth), a generator of jobs and a contributor to social good probably using some form of disruptive (implying new and innovative) technology or business model. Some also recognised that entrepreneurship applies also within businesses as a distinct concept. Upon exploration the meaning of an entrepreneur led to a thorough articulation of certain attributes (refer to table 3 for a summary) many of which are attributes well and long established in the academic literature.

Industry dynamics (Question 2)

On the question of industry dynamics there were largely two positions held by the participants. The first, related to the more innovative ventures that were at odds with established industry structures or perhaps falling in-between recognised industry sectors. This position was strongly captured in coding that was inclined to cite industry as a barrier to new ventures or a second code that suggested that industry was to be avoided or rather independently created. These viewpoints align with the innovative character of new ventures reflected in question one. These types of more disruptive ventures found the established industry structures and support less relevant to entrepreneurial activity.

The second most commonly represented comment on industry captured a sentiment that industry could be helpful for certain ventures. These ventures were more strongly defined by a market opportunity within the context of established industry forces and therefore found greater relevance and fit with established industry sectors. Although early stage business start-up and survival support (such as grants and relevant training) was not generally considered available within these industry structures, it was acknowledged that mixing with established industry players led to network development, ideas for start-up, learning and knowledge.

A common thread embedded in the idea of network development was the need for entrepreneurs to identify with and draw support from a community of like-minded people particularly at the early stages of business start-up. The AEE (or perhaps more accurately, the start-up community) filled much of this gap although some participants identified that if a community of like-minded people was lacking, it presented an
opportunity to start a community. The notion of being part of a community was an important ingredient to supporting new ideas and businesses that were innovative and/or disruptive.

There were also issues noted with respect to the timing, pace and place of industry. Some industry sectors that were rapidly moving (e.g. Information and Communication Technologies) were considered more positively while slower industries (e.g. Construction) were considered more burdensome. These conditions can vary with time and with emerging or retarding technologies affecting industry sectors. Further, some industries were considered not equally represented across different places suggesting that some new ventures needed the mobility to connect to the place that offered stronger industry support.

The business start-up experience (Question 3)
A general observation is that most focus group respondents were able to identify with and refer to available support for the start-up stage of the business life-cycle. A key point frequently arising was that new entrepreneurs, due to their character, were likely to search for support through various means. It was notable that while the sources of support may not be immediately or readily identifiable, they would be locatable through networking activities. Once the initial sources of support were located the doors would progressively open and new introductions would be made to areas of support that the entrepreneur would subsequently need as the business concept evolved and grew.

Figure 3 reveals the relative awareness of the participants (based upon the individual responses) of different types of support. Networking and Start-up events along with Advisory Services were the two most frequently cited areas for this stage of a venture’s development. This was followed by Industry Education (suggesting the more practical nature of the support and education needed) and in fourth position, Government Assistance. Taken together, it suggests that the majority of inclination (nearly 80 per cent of individual comments) at the very earliest stages of business formation is targeted at finding the right community that could offer advice and support to deal with obstacles. If the next most frequent reference to support is also taken, Co-working Spaces (10.6 per cent), it adds to the overall importance of advisory and low cost support weighting over 90 per cent of responses toward these areas.

![Start-up Ecosystem Support Tendencies](image)

Moving to the analysis of the group responses of the participants reveals the nature of the experiences of the groups of these various areas of support. There were a number of collective comments that cited negative attributes about Adelaide and its entrepreneurial ecosystem. These referred to points like powerful silos, feelings of isolation, a lack of progressive thinking and the discouraging effects of persistent negativity and
the tall-poppy syndrome. Supporting this view were also references to poor experiences at networking with
gender bias, lack of genuine interest and to some extent an unwelcoming nature making networking difficult.
Further negative experiences were also reported on obtaining grants which were thought to be generally too
difficult and not well positioned to provide any real or substantial support. Institutions (industry and
government) were also considered by some as being less than interested and empathetic with start-ups and
instead tended to create regulatory environments that were difficult to interpret. Education was also flagged
as being costly, in terms of both time and money, at this point in the businesses development cycle.

Perhaps to counter these negative effects many commented on the need for self-belief and drive while
references to the importance of social and peer to peer networking were also strong. As will be seen
throughout this report, a mentor is considered highly valuable and references to the need for a mentor start
to emerge at this early stage. While formal education was considered costly in terms of time and money, the
responses also suggested that skills and talent were important and that the available support, particularly
low or no cost support, needed to be readily visible.

Although the individual responses revealed little demand for funding support, the group response analysis
indicates access to seed funds is an issue for some at this stage of a venture’s development. This is likely due
to the types of opportunities that were being pursued. While some opportunities have low cost start-up
needs (particularly, direct service, web and mobile applications), others have higher cost needs such as may
be the case in manufacturing. In these circumstances access to low cost seed funds is important and
references were made to the need for an entrepreneurial or development bank or some other mechanism
that can assist to kick start such ventures.

An interesting aspect of the businesses being started (or at least those who were attracted to attend the
Focus Groups) within Adelaide’s entrepreneurial ecosystem, is the propensity toward organic growth. Low
cost start-ups need very little cash to move from idea conceptualisation to form a new business. This position
biases the new business toward finding ways to sustain the business through revenue generation (this will be
discussed further through the latter parts of this report) and at this start-up stage several references are
made to the importance of a business plan to assist in fathoming a forward pathway to sustain an income in
the short and long term.

Another aspect that emerges is the importance of working with the community. This point seems to
underscore the social good referenced by some in the discussion about entrepreneurs and what they do. This
too also reinforces that entrepreneurs do not work in isolation but instead are an integral part of the fabric
of our society.

**Business survival experience (Question 4)**

Considering the development of the business in an approximated sequence, the next question targeted the
stage beyond conceptualisation of the business idea and formation of the business and into the early survival
of the business and its ability to generate revenues and meet its financial obligations. An interesting
observation here is that for most it was difficult to distinguish between what was the start-up and
subsequent survival stage in actual practice with respect to their particular activities within the ecosystem.
However, the participants did recognise a difference in their needs and the expectations with respect to
access to support.

The start-up stage search for support seemed to hold a dominant focus on advice sought through networks.
However, as the participant businesses moved through to survival the individual responses reveal a changing
profile of support search. Referring to Figure 4, the most reported type of support from the ecosystem was
Advisory Services (27.9 per cent) which was followed by Networking and Events (22.9 percent) and
Investments (20.7 percent). Government Assistance then followed in fourth place with 15.7 per cent of
responses indicated this area. Combined, these four areas accounted for 87 per cent of the responses. The
increased focus on investment aligns with what one may expect for a young business needing to survive and
therefore seeking financing options. Also notable is that the Advisory Services along with Networking and
Start-up events also seemed to be a channel to acquiring funding and that Government Assistance also
increased as a factor in the search for support. The survival stage support services for innovative ventures
were also highlighted as being particularly more specialised needing more attention to shaping the market opportunity and intellectual property protection.

The Group responses assist to support and expand on these findings. First, for some the awareness of support for a business at this specific stage was low or non-existent which perhaps explains why there was little distinction made between the stages of start-up and survival as the two stages blur into a continuum of activity. While the awareness of stage specific support was questionable, there was a focus on building relationships, filling gaps in knowledge and research, accessing experience and mentors, finding the right people for advice and building a community of like-minded people including experienced peers, advisors and mentors.

The reference to issues of money and finance were frequent. However, while the group discussion tended to lament the absence of external funding opportunities, discussion quickly moved to the point that the business needed to generate cash through a focus on its operations. This included running lean, generating sales through better and/or increased marketing or focussed market channels perhaps into export markets. Discussion on this topic was also tempered by the suggestion that making in-roads through marketing could also be hampered by the reluctance of large firms to engage and support a new and emerging business and often young businesses face a ‘wall of resistance’.

In addition to cash flow issues and market resistance, references were also made to the difficulty in navigating the regulatory requirements and knowing what was required by who and when. Regulation was said to slow the business down and particularly labour regulations and employment contracts were items considered to be onerous and costly to a young business trying to find its feet.

It was also noted that this period of a development for a business begins to differentiate the small business owner from the entrepreneurial venture. In particular, references were made to the personal challenges faced by an entrepreneur and how leadership was a key attribute to bringing the venture and its development pathway together. Some also referred to the coping skills necessary for an entrepreneur to move through this stage as the risk levels mount and the entrepreneur experiences periods of loneliness. An emotionally supportive environment was thought to be important here as much as other forms of support which heightens the need for the entrepreneur to identify with a community of like-minded people who may have experienced or are experiencing similar circumstances and situations.
**Business growth stage experience (Question 5)**

Question 5 dealt with the growth stage of the development of a business and again a notable change in the profile of support recognition can be observed. Figure 5 illustrates that at this stage the priorities for the business seem to be best supported by Networking and Events, Advisory Services and Investment to a total of just under 80 percent of all the individual responses. The remaining services such as Co-working Spaces, Industry Education, Incubators and Accelerators, and Formal Education, although less emphasised across all stages, reduce to almost negligible levels while Government Assistance shrinks to 6.1 per cent of the individual responses. The fact that Investment becomes even greater in representation is not surprising as firms looking to fuel growth may need significant investment to account for growth in working capital and other capital investment needs. This point is also supported by the group responses which frequently highlighted the need for sources of growth capital from across many of the focus groups.

A fundamental characteristic of the growth stage of business development observed through the group responses is the need to secure a stable foundation of sales to support the growth of the business. This returns to the point made earlier about the nature of the businesses in Adelaide’s entrepreneurial ecosystem tending to be geared toward organic growth. In the discussions of this stage of development, comments were directed toward the needs such as larger clients/customers, a pipeline of contracts and developing the internal infrastructure of the firm to respond to growth.

The group responses also reveal other needed entrepreneurial ecosystem characteristics. For instance, the need for finding the right people who are willing and able to positively contribute to a firm’s growth is indicated that suggests the ecosystem should exhibit collaborative, aspirational, ambitious and commitment characteristics among its human capital. Being collaborative also extends to the business community as frequent reference was made to the need for joint ventures, partnerships and successful working relationships.

![Growth Ecosystem Support Tendencies](image)

**Figure 5: Profile of support search tendencies at growth stage**

The period of business growth is also referred to as a time of transition to management responsibilities for the entrepreneur and this creates other particular needs. Frequent references appear to specialist advisors, experienced advisors, peers and mentors suggesting that the strength of the ecosystem is most important in its business services infrastructure network. The recurrent references to mentors and peers also suggests the need for high trust relationships while the range of professional services sought includes marketing,
accounting, and legal advice. Some also noted the increased cost of doing business as the firm grows partly because the cost of these support services also increases as needs become more specialised.

The group responses also highlight a contradiction to the pattern observed in the individual responses. A frequently referred to need for the entrepreneur, throughout the group discussions for businesses at the growth stage, was personal development. This included such things as improving decision making, building leadership qualities, investing in education and turning to tertiary institutions for such qualifications as a Master of Business Administration (MBA). The occurrence of such references seems at odds with the observations at the individual level of responses which revealed a decreasing interest in formal and industry education and also curious is that a specific emphasis on education is raised among the group discussions at this stage of the business’s development. On the one hand it seems that education is increasingly important but on the other it is decreasingly sought after.

Speculation on the education point may lead one to conclude that the costs of education are too high or the time commitment is too long (points made in discussions on the earlier stages of business development) or that the education provision is not timely in terms of specific needs. This latter point may also partly explain the emphasis on mentors, peers and advisors and even in some cases references to the internet as sources of information as the response to knowledge needs is more immediate. Perhaps it may also be concluded that while education is important at this stage, it is best delivered in advance of business start-up and particularly reaching the growth stage.

**Business exit stage experience (Question 6)**

At the entrepreneurial exit stage of business development, most referred to the service and advice provided by the legal and accounting professions although a number of respondents had not formerly or explicitly considered an exit. Figure 5 exhibits the profile of individual responses which clearly demonstrates the overwhelming bias toward seeking ecosystem support from the professional services sector. Among the services named in this category were business brokers although it was broadly recognised that these services were not particularly helpful to entrepreneurial business ventures looking to leverage unique intellectual property or market advantages. The networks built during the start-up and survival stages of the venture were also frequently indicated as important for the maturing stages of the venture’s development including the exit. Notable also is that the references to every category of support services other than Advisory Services, Investment and Networking and Start-up Events are zero or only just over 1 per cent of the responses.

Considering the group responses supports the individual response findings in that specialist expertise and building partnerships and relationships provided a strong representation across the focus groups. A few dominant themes emphasising advice to the entrepreneur also emerged across the groups. These included that entrepreneurs needed to begin with the exit in mind, that preparing for exit takes time, that an entrepreneur should be prepared for an exit and that planning is essential. These points were an extension or a foundation of the references that pointed to the expertise required for exit.

In this section of discussions the concept of specific needs for social entrepreneurs also was mentioned and the absence of support generally for social ventures was noted. However, more broadly, the business characteristics were a typical topic of discussion which pointed to the issues of needing good processes in place in the business, the need for a good re-current income generating business model, the fact that self-employed or sole trader businesses are not appealing models for buyers and that family businesses have unique exit needs, or more appropriately, succession requirements. Clearly, different types of businesses will have different challenges for an exit although mergers and acquisitions, particularly with competitors, was a dominant proposed option.
A particular thread across the range of discussions about exit emphasised that businesses evolve and the entrepreneur along with their business need to keep up to date with skills and be continuous learners. It was also noted that technology businesses presented particular challenges for exit. A further primary issue commonly stated was for the entrepreneur to understand their own motivations that drive and sustain the business. What is it that an entrepreneur may want from a business; a lifestyle, a nest egg or to build resources to get into a second or third venture? In determining the exit these are fundamental questions and the answers are also integral to determining the nature of a places entrepreneurial ecosystem.

The Dynamics of Adelaide’s Entrepreneurial Ecosystem Support Services

The previous sections analysed the responses of the individual participants and the group responses for each stage of an entrepreneurial businesses development. In this section the focus is on the dynamics of the particular categories of support services that are utilised across the various stages of business development. Each of the eight charts illustrated in Figure 7 represents the pattern of individual responses across the stages for each of the eight categories of entrepreneurial support services defined by the Adelaide Entrepreneurial Ecosystems map (See Appendix B).

The charts summarise the findings by providing:

- the overall pattern of responses across the stages;
- the pattern of the specific services nominated by the respondents that aligned with those nominated on the AEE Map;
- the pattern of responses that were non-specific about particular services on the AEE Map but were aligned with the map categories or were specific services that were not included on the map; and,
- additional recurring salient services that are related to a category but not specifically or clearly indicated as an item on the AEE Map.

With only two exceptions all of the nominated categories of support services tend to decrease in terms of number of response references over the development life of the entrepreneurial venture. The two exceptions are Advisory Services and Investment which reveal an increasing pattern of references across the venture development life cycle. This suggests that these two categories hold increasing importance and relevance to an entrepreneurial venture as it matures.
Another notable observation is the spikes in the pattern of services that are evident in Networking and Start-up Events, Advisory Services and Government Assistance. It appears that Networking and Start-up events (or perhaps more generalised business events) may be more highly sought after during the growth phase of a venture. Advisory Services exhibit a spike in the Exit stage of entrepreneurial venture development while Government Assistance is more frequently sought after during the survival stage of a venture.

Adelaide’s Entrepreneurial Ecosystem Support (Question 7): Barriers, Drivers and Opportunities for Development

In order to develop the specific findings related directly to the AEE, the final question of the focus group attempted to gather insights particularly around the nature of the AEE. In response it was quite evident that when raising the question about an entrepreneurial ecosystem the participants were more inclined to link to macro-level issues of policy, culture, education etc. Quite often the point of financial support (resources) and assistance came to the fore with many noting that the conservative and risk adverse nature of SA generally did not provide strong support to the entrepreneurial ecosystem.
While attention was given to the barriers to developing the AEE, there tended to be also a more positive response in favour of drivers for the AEE; participants were generally advocates for it. This does highlight a sampling bias as most were enthusiastic and with only few exceptions the vast majority of participants were unwilling to critique or argue against developing the AEE. The exceptions related to comments about the self-driven nature of any ecosystem and the point that intervention in an ecosystem is contrary to the nature of an ecosystem. The key message made by these few was that the entrepreneurial ecosystem should be a ‘hands-off’ policy area for government.

Other notable observations were that the AEE has become stronger over recent times although it was also noted that the demise of Innovate SA, a previous state government initiative, weakened government representation. Equally participants noted that the private sector had increased its presence. Also observable was that people moved through the entrepreneurial ecosystem tending to shift out of it as they developed personally and as their business matured.

Table 4 provides a summary of the coding for the Barriers and Drivers to Adelaide’s Entrepreneurial Ecosystem. Working from the left-hand side, in white font on dark grey cells, are the nested observations of barriers. From the right-hand side, in black on white cells, are the drivers to the ecosystem. The items have been roughly assembled as counterpoints and each line is suggestive of similar or related barriers and drivers.

**Table 4: Barriers and Drivers to Adelaide’s Entrepreneurial Ecosystem**

<table>
<thead>
<tr>
<th>Barriers Coding</th>
<th>Drivers Coding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of Leadership</td>
<td>Lack of role models/cases</td>
</tr>
<tr>
<td>Lack of vibrant and successful culture</td>
<td>Cultural inferiority</td>
</tr>
<tr>
<td>Risk adverse government</td>
<td>Government red tape</td>
</tr>
<tr>
<td>Geographic isolation</td>
<td>Small population and market size</td>
</tr>
<tr>
<td>Lack of early stage financing options</td>
<td>Poor prototyping facilities</td>
</tr>
<tr>
<td>Limited entrepreneurial mindset</td>
<td>Lack of preparation in secondary school</td>
</tr>
<tr>
<td>Too few large businesses</td>
<td></td>
</tr>
<tr>
<td>Lack of Australian business awareness</td>
<td></td>
</tr>
</tbody>
</table>

A key barrier that emerged was a general perception of a lack of leadership whether public or private. The small number of role model entrepreneurs and limited number of successful entrepreneurial cases contributed to the notion that Adelaide was not a place for entrepreneurs to be. On the other hand Adelaide people were thought generally to be socially/community conscious and held a genuine care for people. While leadership and role models may be an issue the role everyone takes in the community to support and assist each other is a positive that perhaps can be leveraged.

There were points raised about a lack of a vibrant/successful culture and a feeling that Adelaideans held a cultural inferiority complex. While this attribute may hold significance for the broader community, more specifically for the entrepreneurial community this is somewhat off-set by the emerging presence of the entrepreneurial ecosystem. It was noted that the fact that the AEE is present, active and receiving some good press was a positive driver and should be elevated in the community consciousness.

Regrettably government and some macro-issues were also isolated as barriers. Some of these points are Federal government related but others are state or local government based. This will require a concerted effort by all levels of government to reduce red-tape, free up labour regulation to reduce the employment risk for new and small businesses and generally be open to accepting some risk with respect to stimulating the entrepreneurial sector. It is not all bad news though. It was also considered that Australia provided national advantages being a free and fair country with generally good infrastructure and offered particular...
opportunity by entering into the recent free trade agreements. These national benefits spill-over into South Australian benefits.

While some national advantages were identified, a barrier observed, particularly by the immigrant entrepreneurs dealing with imports and exports, was the disadvantage Adelaide suffered with respect to the port infrastructure and costs. Examples were cited of lower costs being achieved by diverting goods through Melbourne although the additional risk of delays and damage were the trade-offs. This barrier is related to the relative geographic isolation of Adelaide and the smaller population compared to the Eastern states. At the same time these disadvantages contribute to the lifestyle factors and liveability of Adelaide. A key focus in this area is to maintain the South Australian liveability standard while improving and lowering the costs of moving goods across the state’s borders; growing population without damaging the lifestyle attractiveness of a smaller, and relatively isolated city. To work on this element it will be important to increase collaboration and cooperation both across and within the public and private sectors to prioritise resolution of issues that slow entrepreneurship.

A number of barriers were identified with respect to the pathway of development of a business. The most heavily cited barrier in this regard was the lack of early-stage or entrepreneurial finance. The impact of this point can be observed through a common claim that Adelaide entrepreneurs were seeking finance interstate and/or internationally and entrepreneurs are quite often prepared to relocate their businesses to follow the money. Conversely, many of these same entrepreneurs were not too eager to leave Adelaide but felt that they may be forced to for funding purposes. Other aspects of development cited as absent or poor in Adelaide were access to prototyping facilities and access to networks. The latter of these may be addressed through the increasing awareness of the entrepreneurial ecosystem. By stark contrast, on the positive side, it was cited that everything you need to start a business is available in Adelaide. Therefore, the issues are transparency of that availability and how accessible resources are to all the groups who need particular resources. In other words, the full resources of Adelaide are not proving effective at leveraging entrepreneurial opportunities and in particular this seems to be a characterised by early-stage finance that is there but not being activated for one reason or another.

The next set of barriers tended to relate to education and particularly education that influences an entrepreneurial mindset and business preparation. It was broadly thought that entrepreneurial awareness and skills should start in secondary school (some mentioned primary school) and the entrepreneurial pathway should be quite explicit through tertiary education and in particular in the university sector. On the positive side, it was reinforced that universities provide a clear opportunity for entrepreneurship. This can be through both education and training and the research commercialisation opportunities that flow from the research activities of universities.

A point raised on the industrial/commercial landscape was a general lack of large businesses in Adelaide. The downside of this situation is that sponsorship of research, access to global supply chains and exposure to cash flow opportunities from big customers are made more difficult for Adelaide businesses. The lack of early stage finance and the consequent reliance on organic growth are compounding factors among this set of circumstances. A counter point on the driver side of the ledger is that the personal circumstances, such as unemployment and redundancy packages, provide opportunities for those confronted by such adverse circumstances to start their own businesses and be entrepreneurial. Similarly, particular specialisations become more important to the Adelaide economy and areas such as the arts, dry climate infrastructure and tourism were identified as drivers for entrepreneurial activity.

The final barrier emerged more specifically from the immigrant entrepreneurs, who were almost unanimous in claiming that the major hindrance for them was a lack of awareness and comprehension of the Australian business system. Many claimed that their transition into Australia was unsupported by any means of introduction to how the Australian business system works, where to go for advice and support, any profile of business opportunities or any introductions into business networks. Immigrant entrepreneurs seem to have to rely solely on their ethnic network that faces or faced exactly the same issues. At the same time, immigrant entrepreneurs are often multi-lingual, have different perspectives and enriched international networks that provide good opportunities to assist in driving the entrepreneurial ecosystem. A prime
opportunity is to leverage Adelaide’s lifestyle offering to immigrant entrepreneurs and provide a red carpet service to immigrants who are ready, willing and able to engage in high performance international entrepreneurial activity.

Sub-Group Analysis
Four sub-group analyses were requested: metropolitan boundaries (north/south and west), women, immigrants and youth. Of these, the metropolitan boundaries groups presented difficulty in recruiting at centres away from the city² (Metro west - Port Adelaide being the exception) and the city location was generally observed as not being a deterrent to those who resided toward the outer metropolitan boundaries; travelling across the extremes of Adelaide metropolitan did not seem to be an issue. Neither did the profile of responses from metro west – Port Adelaide indicate any observable difference in response profile. These observations, led to a conclusion that, given Adelaide’s metropolitan geographic size, differences were difficult to observe at the metropolitan boundaries using the current methodology. Thus any specific analyses of the metropolitan boundary groups were excluded. The other three groups however will be discussed further.

Figure 8 shows the overall comparisons of each of the three analysed sub-groups and the group of the remaining respondents (mixed age, gender and ethnicity) not allocated to sub-groups. The three areas of higher recognition across the groups were Advisory Services, Investment and Networking and Events, although this was not consistent across all four distinct groups. The variations among the sub-groups will be discussed further below. Notable however, is the very low recognition of Incubators and Accelerators and Formal Education across all four groups.

Formal Education was discussed earlier with respect to the case that entrepreneurs in the process of starting and growing their business have little time and/or money to invest in education. This circumstance becomes apparent again here with very few of the responses indicating Formal Education as a means of support across all three sub-groups and the mixed general group. This strengthens the case for Formal Entrepreneurship Education prior to commencing an entrepreneurial career as once the journey has

² Refer Table 1
commenced it is unlikely an entrepreneur will seek Formal Education. Yet, it was generally acknowledged (unprompted) by the participants that such education was helpful in skilling the entrepreneur.

The relative few references to Incubators and Accelerators may suggest a couple of alternate points that start with the observation that the profile of businesses being started by this sample of entrepreneurs may not be suitable for the types of settings Incubators and Accelerators offer. If this is the case then one of two questions arise; first is whether Adelaide’s Entrepreneurial Ecosystem is encouraging the types of ventures that may benefit from an Incubator or Accelerator accommodation or, second, are the Incubators and Accelerators offering the right type of services given the profile of entrepreneurial businesses? The answer to this two-sided question depends largely upon whether certain types of businesses are targeted for development or whether a laissez faire approach is adopted by policy-makers.

A bit of a contrast can be observed in the Co-working Spaces, where it can be seen that two groups have vastly different responses to the norm of the other two. In this area Women referenced Co-working spaces nearly twice as much as Youth and the mixed general respondents. Immigrants however showed no awareness or inclination to seek support from Co-working spaces. For immigrants this too was the case for Incubators and Accelerators. The circumstances for these observations are discussed below under each specific sub-group.

**Women**
Before approaching the analysis of the Women subgroup, a point worth noting with respect to recruiting for this group is relevant to discuss. The idea of a separate subgroup for women was not necessarily well received by all respondents and indeed some women refused to be categorised in such a subgroup and preferred to participate in a mixed Focus Group to avoid categorisation. The argument presented was that regardless of gender the issues are largely the same and if parenting (for instance) is an issue for women it is a matter of choice with respect to how they will deal with that particular circumstance; men face similar decisions at the personal level. The act of starting and growing a business though is not a gender divided issue and the business needs should take precedence over the personal preferences of the entrepreneur on when and how they manage the start-up process.

While accepting this argument, one particular variation is, however, notable. The number of cited references to Networking and Start-up Events was higher for the women subgroup than all others. Interestingly, a specific comment was made by one participant in this sub-group that women are generally more inclined to networking than their male counterparts. While this study is not a statistical analysis of difference, there are other observations that support this viewpoint and suggest at least that women may have a preference toward more active networking through their entrepreneurial career. The higher reference to Network and Start-up Events also coincides with a higher degree of reference to Co-working Spaces and Industry Education. On both accounts these forms of entrepreneurial ecosystem support provide strong networking opportunities.

**Immigrants**
The immigrant subgroup reveals an interesting profile of recognised support that suggests a strong difference in the way immigrants go about their entrepreneurial practice. Before being too specific, it should be noted that the predominant ethnic group represented in the Focus Group sample is Chinese. It is highly likely that other immigrant entrepreneurial groups may have different group behaviours due to cultural and historical precedence. Nonetheless, the analysis suggests that some work can be done to improve the opportunities for immigrants of any nationality to take advantage of Adelaide’s Entrepreneurial Ecosystem.

The first observation from the individual responses is the absence (as briefly indicated above) of immigrant references to two categories of support services detailed on the AEE Map. Immigrants did not identify Co-working Spaces nor Incubators and Accelerators as means of support. Furthermore, Industry Education, comparatively, only received low nomination as a support service. These observations give credence to the open discussion by the immigrant group that it is extremely difficult as an immigrant to locate support services that are established to meet the specific needs of an immigrant establishing a business. Perhaps as a
consequence, immigrants tend to turn more often to Advisory Services to compensate for the lack of other forms of support.

A passionate topic among the discussants was that as an immigrant, given the cultural and business acumen divide between their home and new country, it is difficult to:

- understand what the norms of Australian business are;
- to know who to trust in seeking to establish their business;
- to create local non-ethnic relationships to guide them in establishing, or in some cases, re-establishing their business affairs, and;
- to locate comprehensive, comprehensible and accurate information.

Many reported their main form of support came from their own ethnic community and networks. Notable also was the fact that a low-trust business environment in their home country spilled over to low-trust in their new home. Simply put, immigrants do not know what to expect from the Australian business environment.

The downfall of this scenario is that many new migrants enter Australia with both the capability and capacity to establish and grow successful businesses but do not find the environment rich with opportunity. It can be seen that with respect to Investment support, comparatively few looked to the AEE as defined by the AEE Map but instead the group data and discussion disclosed that many tended to turn to their families or communities either in Australia or in their home country to find financial support; such is their independence to back their own survival and growth. The irony is that the Australian immigration laws designed to attract business migrants also deter these same migrants from establishing high potential businesses. Immigrants in our sample maintained they faced a two year window from the time of their arrival to prove themselves as self-sustaining. To see themselves safely over this threshold period, most of the migrant respondents noted that they looked for low-risk and low return businesses that are easily traded among their ethnic community at the end of the required period. During that time, rather than being exposed to new and significantly investable business opportunities, they are instead, by default, more likely to become entrenched in their own ethnic communities operating, although perhaps profitable businesses, businesses that are limited in capacity to add significant trading wealth to the region.

Youth

The third subgroup, Youth, proved to be difficult to recruit. On more than one occasion it was noted by those referring entrepreneurs to the Focus Groups that there were relatively few entrepreneurs in this lower age category. This is not surprising as Figure 2 shows from the Global Entrepreneur Monitor age profile of Australian entrepreneurs that those in the age range of 18-24 (we used 18-25) are between one-half to one-third lower in number than other age categories. Furthermore, of those who were identified in this age bracket we found that email addresses were unreliable (business interests seem to change, adapt or evolve quickly) and this cohort was particularly more mobile, moving to where the opportunities were and taking their businesses with them. Consequently, the data collected is relatively small by comparison (three participants only), and provides relatively less shared insight. Taking this circumstance into account however, the profile of responses may suggest a couple of characteristics particular to this age bracket.

First it was notable that references to Formal Education and Advisory Services were absent among the individual responses. While this observation for Formal Education may not be startling given the low frequencies also from other groups, this age group in particular is well placed to take advantage of formal education. The bothersome thought here is that while older groups may reasonably deny that entrepreneurship education would act as a support, younger entrepreneurs could significantly benefit from the experiential strategic learning and peer network introductions. Could it be that the denial of entrepreneurship education as useful by those who matured without the opportunity for formal education in this field is implicitly depriving our younger generation of education that could provide long-term, strategic and practically useful insight into the types, challenges and nuances of success in the creation of new ventures?
Coupled with the absence of reference to Formal Education is the also the absence of references to Advisory Services. This may be a sign of double trouble for the group if it is less than ideally prepared and is not aware of the need for essential advisory services. This thought may also be reinforced given the higher propensity placed by respondents on references to the need for investment when compared to all other Focus Groups. Investment follows well designed and advised businesses that have an explicit market opportunity. A race to investment cash can be ill-advised particularly if the fundamentals of the business are not established. This profile places a much higher, either implicit or explicit, responsibility on the chosen mentors for young entrepreneurs. Mentors to this age bracket will need to be more highly versed in the needs of entrepreneurial businesses and skilled in providing wise counsel while being able to tap into the enthusiasm and ambition of young entrepreneurs.

By way of underscoring the observations above, reference can also be taken to the stage analysis of the subgroups. It is notable that the young entrepreneurs did not identify support services relevant to growth and exit other than investment services. This vastly different profile to other groups may reflect a lower experience base, as may be expected in this age bracket. While this in and of itself is not a barrier to younger entrepreneurs and in many ways may be a bonus of an unencumbered mindset for success, it also exposes vulnerability to failure and the need for prudent and tactful support services that can nurture success without killing enthusiasm.

Figure 9: Youth subgroup distribution of references to support across business development stages

**Major pain points, opportunities and suggested interventions**

The conduct of the Focus Groups dissected the start-up experience into four stages; start-up, survival, growth and exit. The objective of this report was to identify ‘pain points’ and gaps in the South Australian entrepreneurial support mechanisms that provide opportunities for improvement in state-wide government entrepreneurial support programs. The following specifically summarises our findings in that regard.

The following provides a list of the specific points of opportunity to develop Adelaide’s entrepreneurial ecosystem based on the analysis of the data collected from the series of focus groups. The corresponding interventions are suggested as ways or means to counter the pain point or seize the opportunity. However, an overarching recommendation is to carefully examine these interventions in the context of Adelaide’s Entrepreneurial Ecosystem to consider both the intended and unintended consequences that may flow from introducing such suggested measures.

- Some entrepreneurs found limited local support for their new venture and consequently mobility to connect to a place outside of SA that offers stronger industry support is essential to their long term survival. A narrow or shallow industry base in SA can be detrimental to capturing a broad range of truly entrepreneurial ventures in SA.

**INTERVENTION 1:** Work toward increasing industry depth and diversity in SA.
Formal education was considered costly in terms of time and money. However, skills and talent are important and in this context highly skilled support, particularly at low or no cost during the early stages of an entrepreneurial venture’s development, is needed and must be readily visible and accessible.

**INTERVENTION 2:** Develop an entrepreneurial support accreditation program.

While there was no reported shortage of mentors available to entrepreneurs in SA it was quite clear that high trust relationships are an important contribution to the success of the entrepreneurial ecosystem. More particularly, mentors to young entrepreneurs need to be highly versed (experienced) in the needs of entrepreneurial businesses and skilled in providing wise counsel that taps into the enthusiasm and ambition of young entrepreneurs.

**INTERVENTION 3:** Develop a mentor training and accreditation program.

While some venture opportunities have low cost start-up needs (particularly, direct service, web and mobile applications), others have higher cost needs such as may be the case in manufacturing.

**INTERVENTION 4:** In circumstances where higher cost start-ups are involved there is an opportunity to build the local availability and accessibility of low cost seed funds.

More generally, a lack of seed funds in SA biases a new business toward finding ways to sustain the business through revenue generation. This circumstance increases the importance of a business plan to assist a new venture in fathoming a forward pathway to sustain an income in the short and long term.

**INTERVENTION 5:** Introduce a program to encourage start-ups into business planning activities to complement and extend localised lean start-up activities.

A lack of seed funds and the need for planning suggests another area of potential improvement in SA. The organic growth bias of new ventures forces new ventures to run lean, generate sales through better and/or increased marketing or focussed market channels perhaps into export markets. However, the lack of and reluctance of large firms to engage with (also known as lead customers) and support a new and emerging business increases the likelihood of a venture either failing or re-locating to stronger markets with more sales opportunities. Lean start-ups staying in SA are likely to experience smaller scale and/or slower growth unless they are encouraged to tap into larger markets.

**INTERVENTION 6:** Provide incentives for larger and more established firms to locate in SA AND engage with start-ups (refer INTERVENTION 7).

The flow-on implication from the last two points is greater in terms of the scale of influence necessary on the entrepreneurial ecosystem. SA’s entrepreneurial ecosystem needs to readily exhibit collaborative, aspirational, ambitious, and commitment characteristics among its human capital. This includes the business community as frequent reference was made to the need for joint ventures, partnerships and successful working relationships that were not always readily forthcoming in the SA context.

**INTERVENTION 7:** Provide incentives for larger and more established firms to engage with start-ups, encourage collaboration and partnerships.

The specific needs of social entrepreneurs suggest the absence of support generally for social ventures in SA.
The evidence from the data also supports the idea that the term ‘ecosystem’ should not be expected to be easily or readily supplanted into another ecosystem. From this standpoint we adopted the idea of the entrepreneurial ecosystem as formulated by Hwang and Horowitt (2012) that was frequently surfaced throughout the data collection period. This interpretation follows the logic that tropical rainforests differ from temperate rainforests. In following the thread of this idea it also suggests then that the theory of rainforests varies as conditions, climate and population of species varies. Applying the Rainforest theory of Hwang and Horowitt (2012) suggests that at the extreme, the policies, practices, and inherent activities of one entrepreneurial ecosystem (say, for instance Silicon Valley) should not be expected to be easily or readily supplanted into another entrepreneurial ecosystem (say, Adelaide) and be expected to take root and survive with the same vigour. The policies, practices and activities of one entrepreneurial ecosystem need to be adapted to the underlying conditions of the second ecosystem.

In our analysis and discussion of these ideas with key stakeholders, a further complication was recognised as it was also pointed out that although the rainforest theory (Hwang & Horowitt, 2012) that was frequently drawn upon in discussions of the AEE did carry some weight, it needs to be acknowledged that rainforests are not uniform and that they vary according to the underlying climatic conditions. This interpretation follows the logic that tropical rainforests differ from temperate rainforests. In following the thread of this idea it also suggests then that the theory of rainforests varies as conditions, climate and population of species varies. Applying the Rainforest theory of Hwang and Horowitt (2012) suggests that at the extreme, the policies, practices, and inherent activities of one entrepreneurial ecosystem (say, for instance Silicon Valley) should not be expected to be easily or readily supplanted into another entrepreneurial ecosystem (say, Adelaide) and be expected to take root and survive with the same vigour. The policies, practices and activities of one entrepreneurial ecosystem need to be adapted to the underlying conditions of the second ecosystem.

In Adelaide, SA, the urgency for economic renewal and transition is focusing the attention of policy-makers and others on the role that entrepreneurship can play in re-shaping the economy and introducing innovation and hence the entrepreneurial ecosystem has been highlighted as an area for policy attention. A major concern raised throughout the data collection period was whether government should adopt a ‘hands-off’ approach or engage in strategic intervention. To some extent it comes down to whether one believes that an entrepreneurial ecosystem is a non-governed system or whether there is room to cultivate the conditions for more entrepreneurship.

**INTERVENTION 8:** Examine the entrepreneurial support environment specifically for social entrepreneurs and identify opportunities to leverage this sector more effectively.

**INTERVENTION 9:** Provide a red carpet service to immigrants who are ready, willing and able to engage in high performance international entrepreneurial activity.

**Discussion**

In Adelaide, SA, the urgency for economic renewal and transition is focusing the attention of policy-makers and others on the role that entrepreneurship can play in re-shaping the economy and introducing innovation and hence the entrepreneurial ecosystem has been highlighted as an area for policy attention. A major concern raised throughout the data collection period was whether government should adopt a ‘hands-off’ approach or engage in strategic intervention. To some extent it comes down to whether one believes that an entrepreneurial ecosystem is a non-governed system or whether there is room to cultivate the conditions for more entrepreneurship.

**Distinguishing a ‘hands-off’ approach from strategic intervention**

This research set out to examine the experience of entrepreneurs in Adelaide of its entrepreneurial ecosystem. From this standpoint we adopted the idea of the entrepreneurial ecosystem as formulated by prior work articulated through the AEE Map. The formulation of the AEE seeded a limited scope prior research project that surfaced a problem with the metaphor of an ecosystem of nature (devoid of humans) in that ecosystems of nature are self-preserved and self-directed and have no artificial or superimposed interference. We instead recognised that, in accordance with Holling (2001), human systems differ from (eco)systems of nature due to foresight/intentionality, communication and technology. The very idea of examining the design of Adelaide’s ecosystem with intent to intervene in the system’s development runs counter to the concept of an ecosystem found in (non-human colonised) nature and instead suggests that any analysis of an entrepreneurial ecosystem needs to take into account human governance systems that are superimposed over the natural order of human behaviour.

In our analysis and discussion of these ideas with key stakeholders, a further complication was recognised as it was also pointed out that although the rainforest theory (Hwang & Horowitt, 2012) that was frequently drawn upon in discussions of the AEE did carry some weight, it needs to be acknowledged that rainforests are not uniform and that they vary according to the underlying climatic conditions. This interpretation follows the logic that tropical rainforests differ from temperate rainforests. In following the thread of this idea it also suggests then that the theory of rainforests varies as conditions, climate and population of species varies. Applying the Rainforest theory of Hwang and Horowitt (2012) suggests that at the extreme, the policies, practices, and inherent activities of one entrepreneurial ecosystem (say, for instance Silicon Valley) should not be expected to be easily or readily supplanted into another entrepreneurial ecosystem (say, Adelaide) and be expected to take root and survive with the same vigour. The policies, practices and activities of one entrepreneurial ecosystem need to be adapted to the underlying conditions of the second ecosystem.

The evidence from the data also supports the idea that the term ‘ecosystem’ (in non-human form) has some limitations in its applicability. The approach to cultivate a local entrepreneurial ecosystem renders it less like an ecosystem of nature, unadulterated by human intervention, and closer to a botanic garden where human
interaction intervenes in nature. The implication for policy-makers is that their roles within the frame of regional governance is to help carefully select and cultivate the entrepreneurship policies and programs that can adapt to the local conditions or influence change in the local conditions without excessive costs. Furthermore, just like the various areas of a garden may have differing characteristics and display different varietals from different places, we find this also holds true based on the analysis of the entrepreneurs experience of Adelaide’s entrepreneurial ecosystem as age and other demographics, industry sector, and variations across networks all play a part in characterising different aspects of the community within which different entrepreneurs operate. In other words the entrepreneurial ecosystem is not uniform across different segments of community or different stages of firm development and each sub-system aspect of an ecosystem requires some specific attention.

Perhaps it is instructive to return to Hwang and Horowitz (2012) who describe their Rainforest as ‘a human ecosystem in which human creativity, business acumen, scientific discovery, investment capital, and other elements come together in a special recipe that nurtures budding ideas so they can grow into flourishing and sustainable enterprises’ (p. 28). Let’s keep in mind that the underlying conditions of the US and Silicon Valley (the model of the Rainforest) is vastly different to the conditions in Adelaide, Australia and here are three examples of how these conditions vary.

1. History: While both nations were colonised by English and European settlement, Australia has not forsaken allegiance to the Queen (or King past and/or future) of England and has never had a war of independence. In this way our history influences our attitude toward government and governance and our model of democracy differs to that of the USA.
2. Culture: While Australia is westernised and in many ways considered a developed economy, our sense of independence differs to that of the USA and we are less independent of the state. We have a stronger welfare system and a more pronounced reliance on government safety nets.
3. Federation: The Australian constitution is designed in such a way as to create (or at least lean toward) equity across our states and aims to ensure that all have the same and equal treatment and opportunity. The US on the other hand has the right to bear arms in their constitution as a strong signal of individual independence and the individual states of the US can have vastly different policy environments.

There are other differences as well throughout such systems as taxation, education and Intellectual Property rights and research. These all impact on how the Australian (and South Australian) entrepreneurial ecosystem may respond in different ways to the same pressures as those that may be applied in the US. If an entrepreneurial ecosystem is an objective and that ecosystem is modelled on the US then changes to government policy, practice and programs would be unavoidable in Australia. However, it is most unlikely that a shift in Australia toward a replication of the US governmental conditions will ever occur any time soon.

Hwang and Horowitz (2012) refer to the ingredients and recipe of the Rainforest (aka the entrepreneurial ecosystem) and they stress that shaping the entrepreneurial ecosystem is more about the recipe. However, recipes specify ingredients and the quantities of ingredients so what is a place to do if those ingredients are different or unavailable? Consequently the recipe would need to be altered. In this regard, the tools outlined by Hwang and Horowitz (2012) fall short and while the insights within the work are useful, at best the tools should be considered principled objectives to guide the development of an entrepreneurial ecosystem. Little is revealed about the specific way the tools of government can be applied to achieve the principles in contexts that vary significantly to the US. This occurs because the governmental and institutional conditions of the US are inherent assumptions in the proposed theory.

An alternate approach to consider may be the triple helix model. Recent studies have illustrated the need and benefits of regional level stakeholder relationships through such models as the Triple Helix Model (THM). The THM emphasises the importance of the relationships between firms, government and universities as key contributors to an innovation system (Cooke & Leydesdorff, 2006; Etzkowitz, 2003; Etzkowitz & Leydesdorff, 2000; Leydesdorff & Etzkowitz, 1998). Although the THM is an accepted framework we argue that it too falls short as a tool for providing deep understanding of an innovation system. The THM is relatively new and informed by limited cases and through this lens too the history and cultural roots of Australia do not mirror
the international cases upon which the models of triple helix engagement are based. Neither does it attempt to account for the behavioural level of individual entrepreneurs more specifically.

An author who has considered more specifically the tools of government in the construction of an entrepreneurial ecosystem is Isenberg (2011) who has described six main categories of the elements that shape an entrepreneurial ecosystem. This too is a US based work and while it includes a reference to the enabling policies and leadership as one element, it says little about the system influences of changes within each of this or other elements. In affect this remains a descriptive work of the tools available but not an analysis of the change dynamics that may be encountered when dealing with any specific entrepreneurial ecosystem.

Taken together there seems to be a significant void in our understanding of how to develop an entrepreneurial ecosystem given the variations that may be encountered across regions, states and/or nations. However, when the idea of entrepreneurship being socially embedded and contextually specific enters into our frame of enquiry, the question and responsibility of strategy and the strategic management of place as proposed by Audretsch (2015) comes into focus. A recent and specific work on SA that examines how innovation is integrated through entrepreneurship systems and strategies concludes with a list of the issues that confront SA’s development of an innovation economy led by entrepreneurship (Roos and O’Connor 2015). The common factor across the works discussed throughout this section is that individuals, firms, and industry more broadly, government agencies and institutions and universities all have a specific part to play in contributing to the development of an entrepreneurial ecosystem. Left to their own devices and barring enlightened, collaborative and cohesive leadership across all political persuasions and differently oriented interests, it is unlikely that SA or Australia for that matter will without some intervention and holistic awareness of how the various elements of an entrepreneurial ecosystem transform, can achieve a dramatic positive change in its entrepreneurial ecosystem performance. Strategic intervention in the entrepreneurial ecosystem is not an option but an imperative.

The Valley of Death: An observable ecosystem phenomenon

*The Valley of Death* which is also known as *Death Valley* (as distinct from the geographic area of that name in California) is a term used to describe the ‘valley’ that exists for firms, businesses, companies, ventures or enterprises after government sector support ceases and the start-up phase concludes. This concept, as outlined by Fujiwara (2008) Litan and Robb (2012), is a metaphor for the gap that exists, for the entrepreneurial venture, as it moves from the start-up phase and enters the survival phase, during which the entity must rely upon itself and the revenues it can procure or generate before it successfully crosses the valley. The firm thereafter enters a growth phase where it is attractive to private sector support, as it has proven itself in the market. Far from being the destruction of the firm the *Valley of Death* can be its making as it is here that its processes and structures are forged and honed, it is this experience that can present the organisation with a robustness and fortitude that an existence supported by public sector revenues alone does not, nor can provide and is illustrated in Figure 10.

This research reveals that by the nature of support services sought after by entrepreneurs as they move from idea through to growth and eventual exit of the venture, the concept of the *Valley of Death* becomes real and apparent. The discussion on the dynamics of the entrepreneurial ecosystem shows the decline in services sought from government directly or indirectly (through funded programs) but the increase in services sought from advisory professionals, financiers and the organic growth of the firm. In effect the transition from government support to private sector is a recognised pathway by entrepreneurs and the lack of government sponsored support services, such as networking events, accelerators, incubators at the early stages will likely significantly reduce the number of potential entrepreneurs attempting the valley of death crossing and/or at the very least drastically slow the transition of venture ideas into investable business propositions. The government or governments, federal, state and local, working together, have a vital role to play in facilitating the emergence of new ventures.
Developing an evaluation methodology

This research has significance for the South Australia’s strategic priorities particularly for creating a vibrant city and growth through innovation. Entrepreneurship makes a key contribution toward supporting and sustaining the foundations of vibrant socioeconomic cities, areas, zones and regions that contribute to sustainable development. However, in SA we have little data about the entrepreneurial activity of the state or whether the infrastructure that supports the development of new firms functions adequately to ultimately benefit the communities and economy of South Australians. This report assists to fill this gap and is intended to increase our understanding of Adelaide’s Entrepreneurial Ecosystem and its needs for development.

Aggregating the results and analysis of the dynamics of the ecosystem through this project suggests a sequential consideration of the entrepreneurial process is inadequate for understanding the relationship with an ecosystem. New firms (whether for- or not for-profit) instead of sequentially moving through stages tend to emerge from the conceptualization of an idea with an individual or small group of individuals and progress in development by drawing upon resources as and when they need them. Networking is the key point of access and therefore becomes a primary feature of an ecosystem as the network points to the available resources. Of course the strength and availability of the resource needs to meet the demands of the entrepreneurs. Figure 7 provides a conceptualization of this concept.

Taking reference from Adelaide’s Entrepreneurial Ecosystem (AEE) Map and from a viewpoint of understanding the holistic nature of the ecosystem, particularly for government policy purposes, a major missing component of the AEE Map is the centre of the Emergence Model. The categories of the AEE Map assume entrepreneurs are present with their ideas. A common response around the question of how an entrepreneurial ecosystem should be developed refers to the need for the awareness of an entrepreneurial career and making potential entrepreneurs aware of the opportunities to be taken advantage of. To complete the map of the entrepreneurial ecosystems, a survey of the entrepreneurial awareness programs is recommended to be included.

Figure 10: The conceptual relationships between the entrepreneurial effort and government and private sector support
Figure 11: The Entrepreneurial Ecosystem Emergence Model.

The segmented circular structure of the Emergence model also represents the variation in relative access of various segments of support. This does not suggest that any one segment is more important than another but that the rate and need of access of these services across the ecosystem varies with the types of ventures, experience and knowledge base of the entrepreneurs, the stage of development of the venture and/or the type of industry and market that the venture is entering. These factors will influence the relative composition of the support services dependent upon the nature and objective outcomes from the entrepreneurial ecosystem.

Progressing to an evaluation of Adelaide’s Entrepreneurial Ecosystem suggests a number of key points.

1. **Relevance:** The AEE is not a one size fits all proposition and the types of opportunity matter. The AEE needs to be designed to respond to different types of opportunities. The types of opportunities have particular needs for support. Opportunities for government purposes can be categorised into four types (refer O’Connor 2013):
   A. Market led and market driven in an established industry context in underserved market segments
   B. Technology led and market creation driven in a new knowledge and science-based context
   C. Innovation led and market conversion driven in an applied new knowledge/science and market gap/creation context
   D. Social need led and market creation driven in a social venture-market substitution context

Different types of opportunity require different types of support in the early-stages of venture creation. For the different opportunity types examples of support can include:

   For Type A – Strong industry connections and networks to find suppliers, learn industry norms and accelerate customer acquisition and retention.

   For Type B – Strong seed funding support (not investors) for technology development, prototypes, proof of concept and infrastructure support.
For Type C – Strong like-minded community/start-up community, seed investors and mentor support.

For Type D – Strong like-minded community, seed funding/investment, industry and political support.

2. **Visibility and Accessibility**: Regardless of the type of support service to the entrepreneur, the service must be both visible and accessible. If the entrepreneurs are unable to locate support (particularly through their network or worse not even be able to locate a network) an ecosystem could be judged weak. Similarly, if the service and support is found but then fails to be adequately accessible, meaning that the support (resources) are insufficiently released to worthy ventures, then the ecosystem would also be weak.

3. **Strength**: Once the support service of the ecosystem is located, the service provision must be strong in its capability to service the needs of the entrepreneur; that is, if support (resources) is accessed but it is inadequate or deficient in some way, then the ecosystem is weak. This does not suggest that all entrepreneur’s needs or perceived needs would be served as the service is dependent upon the strength of the venture and the entrepreneur and/or their team. However, those ventures that deserve support and genuinely need support should be able to have their needs serviced by a strong ecosystem service capability.

4. **Continuity**: As a venture evolves, a strong ecosystem will have a continuity of relevance, accessibility and strength as the needs of the venture change through different periods of development.

5. **Economically and Socially Responsive**: A strong ecosystem will develop the socioeconomic strengths of a particular region, will not harm or undermine the socioeconomic status of a region and will address the shortcomings and opportunities of a socioeconomic system to provide for future changes in economic structure. The social and economic fortunes of a region are dynamic and a well-functioning entrepreneurial ecosystem will enrich the population of a region both socially and economically from a broad and holistic perspective of a community.

**Conclusion**

The research was conducted across the 2014/2015 financial year. It was initiated in response to changing industry dynamics in SA. This research and report has profiled the current and non-current ‘customers’ (from specifically agreed groups with entrepreneurial potential) of Adelaide’s metropolitan entrepreneurship ecosystem in order to gain insight about the opportunities to improve the ecosystem in SA.

The sample of entrepreneurs included across the series of fourteen focus groups conducted were mostly university educated and on average aged in their low to mid-forties. The method of participant recruitment allowed for an arm’s length relationship between the researchers and the participants and thus all participants were nominated by others who were networked among the entrepreneurial community. The participant nominees were considered typical entrepreneurs without any prejudice of stage of development or type of venture. It was also deliberate to seek a variety of contributions to gain as broad a cross-section of opinions.

The majority of businesses being formed by the entrepreneurs included in the focus groups would be best described as service-based. The sectors for these ventures included education and training, business services, web or application development, social media, advertising, marketing, human resources, health care, property services or similar. Of some concern is whether this sample of businesses (selected through purposive sampling and therefore not a statistical representation of the entrepreneurial population) will or could enhance knowledge accumulation and density among the state’s business population. In the future careful consideration might be given to the character of the ventures that are being started in Adelaide and whether these ventures will trade beyond local or state boundaries and/or develop deep engagement, reliance or collaboration with other local businesses in order for the state to benefit from entrepreneurial synergies.
Generally, the respondents viewed entrepreneurs as those who start businesses (either for profit or not for profit) or those who acted entrepreneurially within an existing business (intrapreneurs). The characteristics described of entrepreneurs by the entrepreneurs themselves resembled an expansive list of attributes and traits and are typically reflected by responses to this type of question in the general research literature. There was nothing particular revealed that suggested Adelaide entrepreneurs may be any different to entrepreneurs anywhere around the globe. Instead the defining character of South Australian entrepreneurship seemed to be oriented around the type of opportunity that framed the ventures formed by business owners. More particularly these ventures are growth oriented (although most likely fuelled by organic growth), providing employment opportunities, contributing to the social betterment of SA and, to at least to some extent, were disruptive in terms of new technologies or business models to the status quo of current markets.

On the general question on the support from industry it seemed that innovative new ventures of a more disruptive nature found the established industry structures and support less relevant to entrepreneurial activity. By contrast other ventures (perhaps less disruptive in their offering) found the current industries had greater relevance and provided a fit with their venture. Regardless, established industries were also considered helpful to establish ideas and gather market intelligence. Probably the most critical observation though is how important the notion of being part of a community was to supporting new ideas, the businesses, and the entrepreneur themselves, particularly those that may be disruptive to current markets. An emotionally supportive environment was thought to be as important as other forms of support.

Different types of entrepreneurial ventures will have different challenges and provide different forms of growth opportunity to the state of SA. In consideration of the role of Incubators and Accelerators in SA during the analysis for this research, a key question arose as to whether they were offering the right type of services given the profile of SA’s entrepreneurial businesses or whether the right types of firms were being established that were relevant to Incubator and Accelerator services? A classic which came first, the chicken or the egg question. The answer to this two-sided question depends largely upon whether certain types of businesses are targeted for development, suggesting an interventionist government, or whether a laissez fair approach is adopted by policy-makers. In SA, the former approach is likely to be and remain for the foreseeable future as it is in the whole of Australia. Australians are generally accepting and expectant of government intervention due to historical, cultural and political precedents.

Given the pace of change in SA’s economy strategic intervention in the entrepreneurial ecosystem is not an option but an imperative if new industries are to be created to grow employment and value-add to the state.

The nature of research into the entrepreneurial ecosystem is necessarily complex. This research was conceived and executed in pursuit of a larger agenda to build an entrepreneurial ecosystem monitoring methodology. It forms part of a sequence of steps that each are contributing to understanding the entrepreneurial ecosystem and how it works. The subsequent steps are not currently funded or in progress. However, work is proceeding to secure international partnerships and explore funding avenues to advance toward developing a reliable and comprehensive state/region-based Entrepreneurial Ecosystem evaluation methodology that can more accurately inform public policy-makers.

The very next stage and the concluding step of this current research will be to build a set of case studies of the entrepreneur’s journey conveying their own experience of SA’s entrepreneurial ecosystem and demonstrating how different customer/user segments interact with the various programs and support mechanisms of the entrepreneurial ecosystem. A small number of cases will be drawn from the consenting participants of the focus groups and will be made publicly available.

A major finding of this research is that the full resources of SA are not proving effective at leveraging entrepreneurial opportunities. In particular this seems to be a characterised by early-stage finance that is present in the system but is not being activated. Another major failing of the system is that the immigrant community are an overlooked entrepreneurial sector that currently is largely disconnected from SA’s entrepreneurial community. If nothing else is implemented, identifying the ways and means to activate both
of these latent entrepreneurial drivers could prove to be a major influence on improving the entrepreneurial outcomes in SA.

In concluding the following recommendations are provided that summarise the development opportunities for Adelaide’s Entrepreneurial Ecosystem.

**Recommendations**

- To complete the current AEE map of the entrepreneurial ecosystem programs and services, a survey of the entrepreneurial awareness programs is recommended. Awareness programs serve to introduce the entrepreneurial career opportunity to prospective potential entrepreneurs and currently do not feature on the AEE map. Inclusion of awareness programs will provide a more complete picture of the available services and programs that facilitate the emergence of entrepreneurship.

- Given the importance of skills and talent for succeeding in entrepreneurial venturing, education delivered in advance of business start-up and particularly prior to reaching the growth stage is recommended. By implication, this suggests that entrepreneurship education will be most valuable during the secondary and university education years.

- Closing the loop on this research is recommended. This suggests that an entrepreneurial ecosystem measurement methodology be systematically developed and implemented. This research suggests that indicators that assess relevance, visibility, accessibility, strength, continuity and, socioeconomic responsiveness of the available support programs be included. The inclusion of an exit motivation indicator is also recommended. Whether the entrepreneurial population of the ecosystem has a greater tendency toward a ‘lifestyle’ business; building a nest egg; gathering resources to start a second or third venture, or; to significantly dominate a market segment or category, are strong indicators integral to determining the nature of an entrepreneurial ecosystem in any particular place.

- An overarching recommendation is to carefully examine the nine suggested interventions to address the pain points and opportunities in the context of Adelaide’s Entrepreneurial Ecosystem. These need to be considered in light of both intended and unintended consequences that may flow from introducing such suggested measures into an entrepreneurial ecosystem.

- Two of the nine interventions are recommended for immediate and special attention.
  I. Establish a pathway for higher cost start-ups to have visibility of and accessibility to low cost seed funds, and
  II. Provide a red carpet service to immigrants who are ready, willing and able to engage in high performance international entrepreneurial activity.

- A key recommendation in support of SA’s entrepreneurial ecosystem is to increase collaboration and cooperation both across and within the public and private sectors to prioritise resolutions to issues that slow entrepreneurship. In doing so, a major objective should be to maintain the South Australian liveability standard while improving and lowering the costs of moving goods across the state’s borders; growing population only without detriment to the lifestyle attractiveness of a smaller, and relatively isolated city, and; building high value-adding business sectors that provide skilled employment and personal growth opportunities.
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### Appendix A

#### Adelaide Entrepreneurial Ecosystem Map (DRAFT 6.5 March 2015)

<table>
<thead>
<tr>
<th>Networking, Community &amp; Start-up Events</th>
<th>Formal Education</th>
<th>Industry Education</th>
<th>Coworking Spaces</th>
<th>Incubators &amp; Accelerators</th>
<th>Advisory Services</th>
<th>Government Assistance</th>
<th>Investors</th>
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<tbody>
<tr>
<td>Adelaide CivicTech Network</td>
<td>eChallenge (<a href="http://www.adelaide">www.adelaide</a>)</td>
<td>162J (Habitat)</td>
<td>Bizspace (Knottern)</td>
<td>ECO Accelerator</td>
<td>Adelaide Research &amp; Innovation</td>
<td>Commonwealth Assistance</td>
<td>Acumen VC Fund</td>
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<td>Behind Silicon's Edge: Entrepreneur Program</td>
<td>The Saus</td>
<td>ThinksLab Commercialization Accelerator</td>
<td>Boss Camp</td>
<td>Khaki (Reef)</td>
<td>Hills Innovation Centre</td>
<td>SA Innovation Program</td>
<td>Blue Sky Private Equity</td>
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<td>Women in Innovation and Technology (SA)</td>
<td>Verticalbound (Flinders University)</td>
<td>Toast Street Coworking Hub (Port Adelaide)</td>
<td>Instinct of Things Innovation Hub (IDB)</td>
<td>Northern Adelaide BIC</td>
<td>New Enterprise Incentive Scheme (NEIS)</td>
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<td>Startup 48</td>
<td>Finders (Flinders University)</td>
<td>Venture Catalyst (Flinders)</td>
<td>Hub Adelaide</td>
<td>Flinders and Growth for Exit (FAGE)</td>
<td>Tea Tree Galley BIC</td>
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<td>Mosaic</td>
<td>MixSA Incubator</td>
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<td>Venture Catalyst with uShura</td>
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<td>Entrepreneurs</td>
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<td>E Unlike Incubator</td>
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<td>Total Street Incubator (Port Adelaide)</td>
<td>Woman in Global Business</td>
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</tbody>
</table>

**Loosely in the order in which a budding entrepreneur or new venture may first need the services and assistance**

Prepared by motivated individuals for the benefit of the entrepreneurial community in Adelaide. Feedback on the map welcome - email pauldaly@intmade.com.au.
## Appendix B

### Adelaide Entrepreneurial Ecosystem Map (DRAFT 4.8 April 2014)

<table>
<thead>
<tr>
<th>Networking and Start-up Events</th>
<th>Formal Education</th>
<th>Industry Education</th>
<th>Coworking Spaces</th>
<th>Incubators &amp; Accelerators</th>
<th>Advisory Services</th>
<th>Government Assistance</th>
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<td>Entrepreneurs</td>
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<td>ECO Accelerator</td>
<td>Commonwealth</td>
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<td>UniSA</td>
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<td>MEGA Digital Media Entrepreneurship</td>
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</table>

Loosely in the order in which a budding entrepreneur or new venture may first need the services and assistance.

Prepared by motivated individuals for the benefit of the entrepreneurship community in Adelaide. Feedback on the map welcome – email paul.daly@interrodeo.com.au.