



Report of the

**Purchase of a Non-Departmental
Output for the Delivery of Business
Development Programmes**

FOR THE YEAR ENDED
30 JUNE 2002

*Presented to the House of Representatives pursuant to Section 32A
of the Public Finance Act 1989*

REPORT ON OUTPUTS PROVIDED TO THE CROWN FOR THE DELIVERY OF BUSINESS DEVELOPMENT PROGRAMMES

Section 32A of the Public Finance Act 1989 requires a report that includes a statement of service performance to be tabled within 3 months after the end of the financial year where an output is substantially provided to the Crown by an organisation, which is not otherwise required to report to Parliament.

This report is furnished in addition to the annual financial statements of Industry New Zealand (a Crown entity), and financial and non-financial information relating to Vote: Industry and Regional Development included in the Ministry of Economic Development's 30 June 2002 report.

A range of local and national delivery organisations, including NBIS Limited which is contracted by the Crown to deliver a national business information and referral service (*BIZinfo*), have been contracted for various periods as part of the Government's Business Development Programme. The names of the contracted organisations are set out in Appendix 1.

These outputs were supplied under Vote: Industry and Regional Development - Delivery of Business Development Programmes, at a contracted price of \$12.335 million (inclusive of GST) for 2001/2002. This figure includes funding contributions of \$119,000 to Business in the Community, and \$89,000 to Company Rebuilders to enable those organisations to deliver intensive one-on-one mentoring services to Small and Medium Enterprises.

In accordance with Section 32A of the Public Finance Act 1989 the following statements are attached:

- (a) A statement of service performance. The statement shows that all contractual requirements were met; and
- (b) A statement of liabilities, commitments or contingent liabilities arising from the purchase of the class of outputs.

Hon Jim Anderton
Minister for Industry and Regional Development

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2002

VOTE: INDUSTRY AND REGIONAL DEVELOPMENT.

Non-Departmental Output Class: O6 - Delivery of Business Development Programmes.

A range of local organisations (*BIZtraining*) and a national delivery organisation (*BIZinfo*) were contracted to deliver business development programmes for a period of two years.

In July and August 2001, following a contestable tendering process, contracts were awarded for the delivery of a new *BIZtraining* programme over the financial years 2001/2002 and 2002/2003. Contracts were signed with 16 Lead Providers to deliver the programme in 18 regions, which were obtained by aggregating Regional Territorial Local Authority boundaries to ensure complete national coverage. Lead Providers offered a broad range of services designed to enhance the management capability of the owners/operators of existing Small and Medium Enterprises (SMEs) and the trustee's and managers of Maori trusts and incorporations registered under the Te Ture Whenua Act 1993. In December 2001, the Government agreed that eligibility for BIZ assistance should be extended to the trustees of organisations managing Maori owned assets. Start-up training was also offered to those seeking to establish a business.

The services purchased incorporated improvements identified in the evaluation of the first generation of the BIZ Programme undertaken by BERL-NRB-Massey University on behalf of the Ministry of Economic Development.

As recommended by the evaluation, more emphasis was placed on the capability assessment process and as a consequence BIZ clients now spend time with an independent professional discussing their businesses and identifying management capability strengths and weaknesses. This diagnosis is the first step toward identifying upskilling available through the BIZ Programme or non-BIZ sources. The capability assessment process drives the training components of the BIZ Programme and helps to ensure that:

- Clients gain a clear understanding of how the BIZ Programme can benefit them;
- That a sound working relationship between client and service provider is formed and maintained;
- That business management and upskilling needs of the business owner/manager are accurately identified;
- That current barriers to the business performing (problem resolution) and the future business opportunities (opportunity realisation) are identified; and
- Participation and interaction by clients in the training programmes;

During this process the client is also educated about other Industry New Zealand and complementary services that are available.

The generic topics covered under *BIZtraining* include the following:

- Marketing - marketing plans, brochure writing
- Business planning
- Accounting - pricing and costing, financial statements, budgets and cash flows
- Sales - sales strategies, cold calling
- Managing Resources - staff management, motivating staff, appraisal processes, time management
- E-Commerce
- Compliance - taxation, OSH, ACC, employment

BIZ also includes courses for those wanting to start a business and topics covered include:

- Is self-employment for me?
- The first steps into business
- Why do I want to go into business?
- How do I market my business?

In addition to the generic programmes above, specific programmes have been developed to suit local and regional economic development needs. These include, among others, programmes focused on the tourism, aquaculture, organics and forestry sectors.

Providers have been encouraged to make innovative changes to their contracts to ensure that the sectors targeted by government in the GIF strategy are adequately catered for. Some have already started to put in proposals to look into these sectors. The 2002/2003 financial year promises to deliver more successes, as Providers are enthusiastic about the programme and its ability to contribute to overall economic development and growth, particularly in the regions. Client satisfaction in 2001/2002 was high from the returned client satisfaction surveys.

In November 2001 a Contract Management System (CMS) was rolled out to Providers to help in the management of the programmes to the benefit of both the Providers and Industry New Zealand. The CMS system was updated in June 2002 to make it user-friendly and to make available more meaningful reporting tools for Providers. Invoicing for services delivered is now being driven through the CMS.

In 2002/2003 a review of the Start-up programme will be undertaken. A national curriculum for the delivery of Maori Trustee training to trustees of Maori owned assets will be developed. A Capability Assessment resource kit will be developed to guide assessors undertaking assessments on behalf of Providers.

Performance Measures and Performance Standards

Nineteen (19) contracts (including the *BIZinfo* contract with NBIS Ltd) were entered into with 17 providers for the delivery of Business Development Programme services during the 2001/2002 year. The contracts specify the services to be delivered and the milestones/performance standards to be met. Providers reported on the delivered services on a regular basis as set out in their contracts. The range of business development services delivered varied from contract to contract depending on the needs of local communities.

Outlined below are details on performance against contracts with NBIS Limited (*BIZinfo*) and the other 18 contracted providers of Business Development Programme services designed to enhance the management capability of SMEs (*BIZtraining*).

NBIS Limited was the major supplier of services during the period, and provided contracted services of \$3.365 million during 2001/2002 to deliver a national business information and referral service (*BIZinfo*). NBIS Limited is a company formed by the New Zealand Chambers of Commerce, Business New Zealand, Poutama Trust and Pacific Business Trust Partnership.

National Business Information and Referral Service (BIZinfo)

The BIZinfo service is a free information and referral service aimed at SMEs and those wishing to establish a business. The service is delivered by way of the following:

- BIZinfo centres in 30 locations;
- 0800 phone number; and
- Internet website - www.bizinfo.co.nz

In accordance with the contract, NBIS Limited reported on the achievement of agreed performance standards within 14 days after the end of each quarter.

Information regarding the service performance for BIZinfo for the financial year ended 30 June 2002 was provided by a report received from NBIS Limited and is summarised as follows:

Outputs (Service)	Key Performance Standards as per Contract	Actual Performance																												
<p>0800 BIZinfo phone service This is a free nation-wide phone service which provides up-to-date information (government and other) and referrals to existing small and medium enterprises and those wishing to establish a business.</p>	<p>Ensure that the 0800 service is efficient and effective and easily accessed throughout the country. Services to be available between 8am and 5pm weekdays with a message management system to handle overflow and after hour's calls.</p> <p>Ensure that the 0800 service is appropriately targeted towards attracting calls from specified target groups.</p> <p>Initiate or respond to 50,000 calls per annum.</p>	<p>Met - Call centres established in four hubs - Auckland Wellington, Christchurch & Dunedin. Messages are cleared within one business day for messages received after hours or within 2 hours if received during business hours.</p> <p>Print and television advertising promotes the service to Maori and Pacific Peoples.</p> <p>Calls (inbound & outbound) by 0800 Resource Centres:</p> <table border="1"> <thead> <tr> <th></th> <th>In</th> <th>Out</th> </tr> </thead> <tbody> <tr> <td>Jul-Sep</td> <td>4,553</td> <td>1,773</td> </tr> <tr> <td>Oct-Dec</td> <td>6,324</td> <td>6,369</td> </tr> <tr> <td>Jan-Mar</td> <td>6,616</td> <td>6,009</td> </tr> <tr> <td>Apr-Jun</td> <td>5,589</td> <td>6,093</td> </tr> <tr> <td>Total</td> <td>23,082</td> <td>20,244</td> </tr> </tbody> </table> <p>Note: The lower than expected 0800 service calls in the Jul-Sep quarter was because there was no advertising or promotion undertaken between Nov 2000 and Oct 2001.</p> <p>The number of inbound phone enquiries received direct by the 30 local BIZinfo centres:</p> <table border="1"> <tbody> <tr> <td>Jul-Sep</td> <td>1,259</td> </tr> <tr> <td>Oct-Dec</td> <td>1,668</td> </tr> <tr> <td>Jan-Mar</td> <td>2,363</td> </tr> <tr> <td>Apr-Jun</td> <td>2,446</td> </tr> <tr> <td>Total</td> <td>7,736</td> </tr> </tbody> </table>		In	Out	Jul-Sep	4,553	1,773	Oct-Dec	6,324	6,369	Jan-Mar	6,616	6,009	Apr-Jun	5,589	6,093	Total	23,082	20,244	Jul-Sep	1,259	Oct-Dec	1,668	Jan-Mar	2,363	Apr-Jun	2,446	Total	7,736
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<p>Internet website www.bizinfo.co.nz</p> <p>This is a one-stop interactive internet reference site, which provides information about government and non-government assistance, networking, advice and referrals to existing small and medium enterprises and those wishing to establish a business.</p>	<p>Provide free internet access at all BIZinfo centres. Maintain a comprehensive and accurate database of information, service providers and relevant links. The website to be available 24 hours per day.</p> <p>In consultation with Industry New Zealand, and in line with the Government's E-Commerce strategy, contribute to the design and rebuild of the website to improve its effectiveness to business, and update and improve the efficiency of the technology on which the site runs.</p> <p>Actively monitor performance data on the website each month:</p>	<p>Met - The BIZinfo database includes information on and links to service providers, business contacts, Government departments and Government funding programmes (Industry NZ, Trade New Zealand, and Technology NZ. Access to web based publications, web guides, national and local programme information is all available 24 hours per day via the www.bizinfo.co.nz website.</p> <p>Regular discussions have been held with Industry NZ about improving the functionality of the website and this is ongoing. Target date for completion of this project is 30 June 2003.</p> <p>Met.</p> <p><u>Website activity achieved:</u></p> <ul style="list-style-type: none"> • Hits on server 4,874,483 • Pages accessed 1,221,728
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<p>BIZinfo centres</p> <p>These are local centres as first point of contact for existing small and medium enterprises and those wishing to establish a business seeking assistance on a face-to-face basis.</p> <p>The services are free and include the provision of information about government and non-government assistance to businesses, networking, advice and referrals.</p> <p>Each centre offers free access to the www.bizinfo.co.nz website.</p>	<p>Manage, through regional hub structure, operation of high quality information provision and referral systems through BIZInfo centres.</p> <p>Ensure that BIZinfo centres are open in all areas 8 hours per day, with exceptions to be mutually agreed on a case-by-case basis.</p> <p>Ensure that all relevant information on Government and other services and assistance to SMEs and entrepreneurs applicable to their region is available and kept up to date by each BIZinfo centre.</p> <p>Develop and provide “quick guides”, templates and other material of benefit to SMEs.</p>	<p>Met - A network of 30 BIZinfo centres operate throughout NZ as either shop front sites or through co-location arrangements with existing local agencies.</p> <p><u>Auckland Call Centre Hub</u> Whangarei North Shore Auckland (Call Centre) Manukau City South Markets, Otahuhu Waitakere City Hamilton Tauranga Whakatane Rotorua Taupo</p> <p><u>Wellington Call Centre Hub</u> Gisborne Napier Hastings New Plymouth Palmerston North Wanganui Masterton Levin Porirua Wellington (Call Centre) Lower Hutt</p> <p><u>Canterbury Call Centre Hub</u> Nelson Blenheim Greymouth Christchurch (Call Centre) Timaru</p> <p><u>Dunedin Call Centre Hub</u> Dunedin (Call Centre) Queenstown Invercargill</p> <p>Met.</p> <p>Core brochures of Government services, BIZtraining providers and other business services were updated regularly.</p> <p>The following publications were either developed, updated, printed or purchased to ensure that up-to-date resources were available to clients seeking BIZinfo assistance:</p> <ul style="list-style-type: none"> • Planning for Success (Workbook and CD ROM) • BIZInvestment Ready brochure • Accessing BIZ Services brochure • National Maori Land Use Options Resource Kit • Directory of Government Funding Programmes for SMEs and Entrepreneurs
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<p>Third Party Contract Management</p> <p>Target Group Delivery</p>	<p>Administer and make payments for third party contracts for a national advertising campaign to promote the BIZ programme to the SMEs and target groups.</p> <p>Ensure that proactive, accessible, appropriate and encouraging methods are used to target Maori, Pacific Peoples and Women by working with experienced and appropriate partners.</p> <p>Target group volumes to be achieved:</p> <ul style="list-style-type: none"> • 15% - Maori • 4% - Pacific Peoples • 45% - Women 	<p>Exceeded - NBIS went beyond requirements and took a proactive role in assisting in the design and development of the advertising campaign.</p> <p>NBIS has developed relationships with key organisations representing Maori, Pacific Peoples and Women to raise awareness of the service and as an added means of disseminating information to the constituencies they represent. This includes:</p> <ul style="list-style-type: none"> • Poutama Trust • Federation of Maori Authorities • Hauraki Maori Trust Board • Maori Business Network Society Inc • Maori Women's Development Inc • Ngai Tahu Development Corporation • Ngati Maru Iwi Authority • Te Tai Tokerau Maori Tourism Association • Tautoko Pakihi Ltd • Te Puni Kokiri • Te Runanga O Ngati Whatua • Te Runanga O Te Whaingaroa • Turanga Ararau • Tu Houkura Consultancy Service • Pacific Business Trust • Ministry of Pacific Island Affairs • Organising Pacific Peoples & Resource Agency • South Pacific Trade Commission • Maori Women's Development Inc • Ministry of Women's Affairs • NZWomen.com • Significant Women • Tall Poppies • WISE Women Network • Women's Loan Fund <p>Actual Results Achieved</p> <p><u>0800 Resource Centres</u></p> <p><u>Maori (target 15%)</u></p> <table border="0"> <tr><td>Jul-Sep</td><td>8%</td></tr> <tr><td>Oct-Dec</td><td>8%</td></tr> <tr><td>Jan-Mar</td><td>7%</td></tr> <tr><td>Apr-Jun</td><td>7%</td></tr> <tr><td>Average</td><td>7.5%</td></tr> </table> <p><u>Pacific (target 4%)</u></p> <table border="0"> <tr><td>Jul-Sep</td><td>2%</td></tr> <tr><td>Oct-Dec</td><td>1%</td></tr> <tr><td>Jan-Mar</td><td>2%</td></tr> <tr><td>Apr-Jun</td><td>2%</td></tr> <tr><td>Average</td><td>1.75%</td></tr> </table>	Jul-Sep	8%	Oct-Dec	8%	Jan-Mar	7%	Apr-Jun	7%	Average	7.5%	Jul-Sep	2%	Oct-Dec	1%	Jan-Mar	2%	Apr-Jun	2%	Average	1.75%
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<p>Client Satisfaction</p>	<p>Undertake quarterly client satisfaction audits of 200 clients to assess the quality of the services provided.</p>	<p><u>Women (target 45%)</u> Jul-Sep 42% Oct-Dec 47% Jan-Mar 47% Apr-Jun 49% Average 46.25%</p> <p><u>BlZinfo Centres (30 combined)</u> <u>Maori (target 15%)</u> Jul-Sep 19% Oct-Dec 19% Jan-Mar 17% Apr-Jun 12% Average 16.75%</p> <p><u>Pacific (target 4%)</u> Jul-Sep 4% Oct-Dec 7% Jan-Mar 6% Apr-Jun 6% Average 5.75%</p> <p><u>Women (target 45%)</u> Jul-Sep 43% Oct-Dec 46% Jan-Mar 46% Apr-Jun 46% Average 45.25%</p> <p>A client follow-up procedure was used to assess how clients rate the service in terms of usefulness and helpfulness on a scale of 1-5 (1 being low and 5 being excellent). The following results were achieved.</p> <p><u>Jul-Sep</u> Sample Size 235 Average rating 4.73%</p> <p><u>Oct-Dec</u> Sample Size 195 Average rating 4.58%</p> <p><u>Jan-Mar</u> Sample Size 316 Average rating 4.80%</p> <p><u>Apr-Jun</u> Sample Size 282 Average rating 4.80%</p> <p>Full Year Sample Size 1028 Average rating 4.72%</p>
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Business Development Services Provided (BIZtraining)

Eighteen (18) contracts were in place with providers for the delivery of Business Development Programme management upskilling services during 2001/2002. The names of the contracted providers are set out in Appendix 1. The programme includes the delivery of services to the target groups of Maori, Pacific Peoples and women. The value of BIZ services delivered under the contracts was \$8.762 million:

- One-on-One Capability Assessments designed to identify individual management skill and knowledge gaps.
- Workshops, Seminars and Courses aimed at transferring skill and knowledge across a range of generic and specialised areas of management capability enhancement such as Business Planning, Compliance, Marketing, Finance, E-Commerce, Business Systems and Managing Resources. Areas of specialised training were also offered where consistent with local business needs.
- One-on-One Follow-Up Coaching designed to assist SME owner/operators to apply the skills and knowledge gained.
- Distance Learning Modules - offered to clients, unable to access group training because of remoteness from a delivery centre or because other commitments conflict with the timing of scheduled training.

Outputs	Performance Standard per Contract	Actual Performance																		
<p><u>Workshops and Seminars</u> aimed at transferring skill and knowledge across a range of generic and specialised areas of management capability.</p>	<p>Performance standards are included in each of the 18 delivery agreements and reported on in the quarterly reports submitted by providers.</p> <p>Performance standards include content of service, quantity and length of sessions, timing and location of delivery, target group attendance & client satisfaction target.</p>	<p>Service providers reported to Industry New Zealand quarterly as per their delivery agreements.</p> <p>1,995 individual workshop and seminar sessions were delivered in the locations specified in each provider contract. Coverage includes all the main metropolitan & provincial cities and larger towns across New Zealand.</p> <p><u>Service Delivery Volumes</u></p> <p><u>One on One Services</u> (Capability Assessments & Follow-Up Coaching) 21,200 hours</p> <p><u>Group Training</u> (Workshops, Seminars & Courses) 1,847 sessions</p> <p><u>Distance Learning</u> 409 Enrolments</p> <p>Session places filled by SME owner/operators:</p> <table border="0"> <tr> <td>Maori & Pacific</td> <td>6,055</td> <td>(16%)</td> </tr> <tr> <td>Other Ethnic</td> <td>32,319</td> <td>(84%)</td> </tr> <tr> <td>Total</td> <td>38,374</td> <td></td> </tr> </table> <table border="0"> <tr> <td>Male</td> <td>17,847</td> <td>(47%)</td> </tr> <tr> <td>Female</td> <td>20,527</td> <td>(53%)</td> </tr> <tr> <td>Total</td> <td>38,374</td> <td></td> </tr> </table>	Maori & Pacific	6,055	(16%)	Other Ethnic	32,319	(84%)	Total	38,374		Male	17,847	(47%)	Female	20,527	(53%)	Total	38,374	
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<p><u>One-on-One Capability Assessments</u> designed to identify management skill and knowledge gaps.</p> <p><u>One-on-One Follow-Up Coaching</u> designed to assist SME owner/operators apply the skills and knowledge gained.</p>	<p>Performance standards are included in each of the 18 delivery agreements and reported on in the quarterly reports submitted by providers.</p> <p>Performance standards include content of service, quantity and length of sessions, location of delivery, target group attendance & client satisfaction target.</p>	<p><u>Number of SMEs accessing the BIZ Programme</u> 11,814</p> <p><u>Number of individuals accessing upskilling programmes</u> 14,456</p> <p><u>Client Satisfaction Rating</u> On a scale of 1 to 5 (1 being low and 5 being excellent) the average client satisfaction rating from a sample size of 9,356 was 4.5.</p> <p>Service providers reported to Industry New Zealand quarterly as per their delivery agreements.</p> <p>For individual SME owner/operators receiving one-on-one capability assessments or post training follow-up coaching, delivery was in the locations specified in each individual provider contract. Coverage includes all the main metropolitan & provincial cities and larger towns across New Zealand.</p>
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STATEMENT OF LIABILITIES, COMMITMENTS OR CONTINGENT LIABILITIES

VOTE: INDUSTRY AND REGIONAL DEVELOPMENT

Non-departmental Output Class: O6 - Delivery of Business Development Programmes.

NBIS Limited is contracted by the Crown to deliver a national business information and referral service (*BIZinfo*) as part of the Government's Business Development Programme. The original contract was for a 24-month period, extended by a further five months to 30 June 2001. The contract was subsequently extended by an additional three months to 30 September 2001, and then by a further 21 months to 30 June 2003.

Eighteen (18) contracts were awarded to 16 organisations at a cost of \$9.105 million to deliver a range of services designed to enhance the management capability of SMEs (*BIZtraining*). All contracts expire on 30 June 2003.

Liabilities, commitments or contingent liabilities arising from the purchase of the class of outputs for the financial year as at 30 June 2001 were:

Liabilities	Nil
Commitments	Delivery of <i>BIZinfo</i> Services to 30 June 2002 2002/2003 \$2.393 million 2003/2004 Nil 2004/2005 Nil
	Delivery of Other Business Development Programmes (<i>BIZtraining</i>) to 30 June 2002 2002/2003 \$9.169 million 2003/2004 Nil 2004/2005 Nil
Contingent Liabilities	Nil

APPENDIX 1

BIZ Region Serviced	BIZtraining: Lead Provider Name	Contract Expiry Date
Northland	Business Services (Northland) Ltd	30 Jun 2003
Auckland North	Auckland New Ventures	30 Jun 2003
Auckland West	Enterprise Waitakere & Waipareira Trust JV	30 Jun 2003
Auckland Central	Gosling Chapman Ltd	30 Jun 2003
Auckland South	Auckland South Lead Provider Group	30 Jun 2003
Waikato	Enterprise Central Network Inc	30 Jun 2003
Bay of Plenty	Enterprise Central Network Inc	30 Jun 2003
East Coast	Te Runanga O Turanganui A Kiwa	30 Jun 2003
Hawke's Bay	Workforce Consultants Ltd	30 Jun 2003
Taranaki	Venture Taranaki	30 Jun 2003
Manawatu-Wanganui	Enterprise MidWest Ltd	30 Jun 2003
Wellington	Wellington Regional Chamber of Commerce	30 Jun 2003
Nelson-Tasman	Nelson Learning Centre Ltd (BIZ Nelson)	30 Jun 2003
Marlborough	Marlborough Economic Development Trust	30 Jun 2003
West Coast	Canterbury Development Corporation	30 Jun 2003
Canterbury (incl. Chatham Islands)	Canterbury Development Corporation	30 Jun 2003
Otago	BIZ Otago Ltd	30 Jun 2003
Southland	Venture Southland	30 Jun 2003

BIZ Region Serviced	BIZinfo: Provider Name	Contract Expiry Date
All of New Zealand	NBIS Ltd	30 Jun 2003