



Supply Nation

Supply Nation Research Report No. 3

State of Indigenous Business

The impact of COVID-19 on the Indigenous business sector:
the view from the frontline

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Supply Nation

Supply Nation is the Australian leader in supplier diversity, and since 2009 has worked with Aboriginal and Torres Strait Islander businesses along with procurement teams from government and corporate Australia to help shape today's rapidly evolving Indigenous business sector. Supply Nation's world-leading 5-step verification process provides peace of mind by ensuring that all businesses listed on Australia's largest national directory of Indigenous and Torres Strait Islander businesses, Indigenous Business Direct, are not only Indigenous owned but are also regularly audited for changes in company structure and ownership. Supply Nation partners with its members from the government, corporate and not-for-profit sectors to include supplier diversity in procurement policies, and develop and support supplier diversity practices, based on world's best practice that can enable the greater participation of the Indigenous business sector.

More recently, Supply Nation also established an internal research capacity to deliver evidence-based programs – providing a stronger platform to advocate for the needs and benefits of Indigenous Business and Indigenous procurement. As custodian of Australia's largest and most respected database of Indigenous businesses, a focus of our research is understanding the contours, trends and contributions the Indigenous Business sector makes to the broader national economy, as well as its contribution to Indigenous well-being and self-determination.

Our research is the product of collaboration with a range of university centres, government and independent research agencies on projects of relevance to Indigenous Australians and Indigenous Business, and primarily disseminated through:

- Supply Nation Research Reports: Substantial and original pieces of research on topics of relevance to Supply Nation's mission and Indigenous business.
- Supply Nation Research & Policy Briefs: Concise papers that summarise key areas of research or policy of relevance to the Indigenous Business sector and key stakeholders.

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Foreword

This is the third of Supply Nation's Research Reports that provide insights into the state of play of the Indigenous business sector. Our first report, **State of Indigenous Business – driving growth across the Indigenous business sector**, was commissioned before the COVID-19 pandemic. The second report, **State of Indigenous Business – A quantitative analysis of the impact of COVID-19 on the Indigenous business sector**, together with this one, were commissioned in the last quarter of 2020 as the pandemic continued to intensify.

As part of our initial response to support the Indigenous business sector during the COVID-19 crisis, together with the EY Indigenous Sector Practice (ISP), we produced and delivered a webcast series to provide Indigenous businesses with practical advice and guidance on how they may navigate through the challenges posed by COVID-19. This co-hosted webinar series also provided Supply Nation with a range of insights and understanding of the concerns and challenges Indigenous businesses faced.

Following on from these, we knew that a stronger response was required to assist with the recovery process, namely, targeted programs aimed at re-engaging individuals and businesses displaced due to COVID-19. In order to design targeted programs that focus on the most affected industries and sectors, we engaged the ISP team at EY to undertake an analysis of the impact of COVID-19 on Indigenous businesses.

The previous report presented the findings from the quantitative analysis using EY's Computational General Equilibrium model based on ABS and the Supply Nation Indigenous business dataset. That report estimated that among Supply Nation suppliers, almost 2,500 employees lost their jobs in 2020, including almost 1,000 Indigenous people.

As the title of this report suggests, however, we also wanted to complement the numbers with the voices from the frontline of Indigenous businesses. What kinds of impacts had COVID-19 had on suppliers? Had they received sufficient support? What challenges had they faced? How did they adapt to the changed circumstances? What suggestions did they have for how government, the corporate sector and Supply Nation could assist their transition and adaptation?

Although this report confirms the many negative impacts of COVID-19 on Indigenous businesses (e.g. reductions in staff, revenue, operational challenges, key pain points), what I find heartening is that it also highlights how some Indigenous businesses have embraced the opportunities to change how they do business, and in some cases not only recover but expand into new markets. Indigenous businesses continue to be innovative and resilient, with many organisations thinking differently about how they deliver their products and services.

We have also heard the calls for greater support in terms of training programs to assist the move to digitisation (as this report notes digital exclusion is both a problem and opportunity for Indigenous businesses), business management fundamentals, and coaching and mentoring programs. During 2020, we formed several strategic partnerships with diverse stakeholders to collaboratively design and begin delivering a series of programs on these very issues as part of Supply Nation's Capability Hub. The Hub assists Indigenous businesses by providing:

- Support and advice to help market their business on the Indigenous Business Directory (IBD).
- Training and development workshops.
- A supplier toolbox with resources, templates, and tools to support business growth.
- Access to expert guidance to help solve specific business challenges.

In particular, our **Kickstart Program** is designed to help Supply Nation registered and certified businesses optimise their business profile listing on the Indigenous Business Direct (IBD) platform. Among other things, this program assists suppliers articulate their value proposition in a succinct and engaging way and access

new and updated buyer opportunities. Our **Jumpstart Training Program** (available exclusively to Certified Suppliers), proudly supported by Commonwealth Bank, provides opportunities for suppliers to reach out to experts from within Supply Nation's member organisations for assistance and guidance with a business challenge, or projects where expert advice is needed.

At the end of 2020, we successfully piloted our new **Drive program**. Also supported by Commonwealth Bank, Drive is a series of training modules focused on best practice procurement. Designed and delivered by procurement experts, each module focuses on a particular aspect of the procurement process such as tender preparation, contract negotiation and delivery and managing relationships beyond the contract.

This year, with the generous financial support of Google.org, we are developing a new program to support our Indigenous businesses increase their capacity and capability to stabilise existing employment levels, as well as employ additional employees displaced by COVID-19. As this report shows, those businesses that were able to quickly change their way of operating to online and digital platforms better survived the challenging environment. Indeed, the Indigenous businesses consulted as a part of this research would welcome greater training and support in becoming a digital business and understand better how they can make new technology work for them. We are excited at the opportunity of being supported by organisations like Google.org that will enable the new program to include the resources and knowledge of Google employees.

These programs designed and delivered collaboratively with a range of government and corporate partners, not only aim to re-engage individuals and businesses displaced due to COVID-19, but enhance, complement and enable Indigenous businesses to fully embrace the post COVID opportunities to change how they do business and expand into new markets.

Laura Berry

Chief Executive Officer

Supply Nation

Executive summary

Impacts on Indigenous businesses



Almost half the organisations consulted had to reduce their staff or put them onto reduced hours. In some cases, businesses had to reduce their employees by 50%.



Several industries are experiencing significant difficulties, including; travel, tourism, hospitality, construction and the arts. Significant impacts on cultural advisory were noted by almost all businesses.



Half of the organisations consulted experienced a substantial reduction in revenue at the onset of COVID-19. Of those that experienced a reduction half lost 30% to 80% of revenue between March and May



Businesses were impacted most severely during April, May and June 2020. The majority of businesses mentioning they felt the most stress on the business at the start of April due to businesses ceasing operation during lockdowns.

Key pain points for Indigenous businesses



Capacity to complete tenders



Clients deferring contracts



International supply chain disruption



Reliant on one main client



Barriers to accessing government support



Not knowing what support is available and the lack of a central source communicating how to access it



Inflexible operating models



Were in the early stages of development

Success factors of businesses who have performed well



Technology ready



Diverse customer base



Strategically invested



Experienced capabilities

Key activities organisations have undertaken to pivot



Reduced overheads



Went online and adapted their workforce quickly



Adapted and changed their offerings rapidly



Utilised their relationships and looked locally



Became more creative in their marketing

Opportunities emerging where Indigenous organisations could use support programs

Programs to support and educate business owners essential business management topics

Programs tailored to sole traders and small businesses

Support and reaching out to remote communities

Provide networking opportunities and connect businesses together

Support services to understand what programs, opportunities and assistance are available to your business

Collaborating with organisations to provide coaching and mentoring programs

Advocate and promote Indigenous businesses

Training and support in becoming a digital business

Preparation programs to support business survival once the funding runs out

1. Background and context

COVID-19 has had a profound impact on individuals, communities and businesses alike. The pandemic placed unprecedented pressure on the economy and the businesses that collectively contribute to the nation's success. There is a need for government, industry, corporations and peak bodies to consider how they can best support businesses, not just through COVID-19, but beyond as the economy starts to recover.

Throughout COVID-19 all industries have been affected by the unprecedented circumstances imposed on businesses around the world. For some, this has led to rapidly digitising their organisation, creation of demand in different areas and a new way of doing business. For a large proportion of organisations, however, COVID-19 and the subsequent public health lockdown measures have resulted in reduced hours for staff, redundancies and in some instances, insolvency. Some key points for Australia include:

- Almost 30% of the workforce are in the most affected industries¹
- Up to 82% of Indigenous businesses in some states experienced their sales drop 70% at the start of COVID-19²
- Unemployment increased across the nation with Victoria experiencing the largest drop in employment³
- Reduced cashflow during this time was frequently reported with difficulties in maintaining operating expenses⁴

A number of industries were directly affected by COVID-19 because of the restrictions and subsequent economic downturn, with industries experiencing significant impact including:⁵

- Accommodation and food services
- The arts sector
- Air and other transport
- Recreation and tourism
- Trade
- Professional services

Relating to these industry affects, several key occupations experienced significant difficulties, including:⁶

- Technicians and trade workers
- Professionals
- Labourers
- Community and personal service workers
- Managers
- Sales workers
- Administrative workers

¹ Roger Wilkins, *Who's hit hardest by the economic effects of COVID-19?*, Research Insights, 10/20, Melbourne Institute: Applied Economic & Social Research, University of Melbourne, May 2020.

² Damien Foley and James Brown, *COVID-19 Economic Impact Report – Victorian Aboriginal and Torres Strait Islander Business (Preliminary Findings)*, Kinaway Chamber of Commerce Victoria, April 2020.

³ Australian Bureau of Statistics

⁴ Yonatan Dinku, Boyd Hunter and Francis Markham, 'How might COVID-19 affect the Indigenous labour market?', *Australian Journal of Labour Economics*, 23(2), 2020, pp.189-209.

⁵ See notes 1,3 & 4

⁶ ABS

The self-employed have also experienced a relatively higher reduction in income, decreased hours worked and a higher probability of wanting to access their superannuation early to deal with the financial constraints. Of the self-employed, almost half experienced a decrease in profits that was substantial, including a complete elimination of any profit, with many self-employed businesses closing.⁷ Many businesses reported that they would have had to close if support measures such as JobKeeper and other financial support programs were not available.

Indigenous people are and will continue to be affected by COVID-19 in different ways to those experienced by other Australians, especially with respect to employment. For instance, there are a higher proportion of Indigenous people working in the industries that have been the most affected from COVID-19 compared to the non-Indigenous workforce.⁸ Approximately half of the Indigenous workforce is employed in jobs that require a qualification of Certificate III or less, in comparison with 42% of the non-Indigenous workforce.⁹ Almost two thirds of Indigenous employees in casual employment work within the most affected industries, meaning that they have an increased probability of unemployment with the absence of benefits such as sick leave, redundancy packages or programs such as JobKeeper.¹⁰ Over a third of the Indigenous workforce are in jobs with no paid leave entitlements compared with 25% of the non-Indigenous workforce.¹¹ Our previous report estimated that among Supply Nation suppliers, for instance, almost 2,500 employees lost their jobs in 2020, of whom 1,000 were Indigenous people.¹²

Since the onset of COVID-19, an additional 8% of the Indigenous workforce have had to commence receiving payments due to unemployment. The increase of Indigenous people receiving these payments compared to the non-Indigenous population was almost double.¹³ Aside from the direct impacts on industries and the effects on employment, there are several risks facing Indigenous businesses as they navigate the difficult challenges presented by COVID-19. As measures were introduced to stop people moving in and out of Indigenous communities due to health and COVID-19 concerns, people were unable to attend to their professional duties and businesses within these communities were limited from operating until restrictions were eased.¹⁴ Moreover, some Indigenous businesses and employees have difficulties and face barriers when accessing support measures such as JobKeeper.¹⁵

The current fiscal environment also resulted in business owners withdrawing money from their superannuation fund to help their business survive through COVID-19. A survey conducted of Victorian Indigenous businesses, for instance, found that almost a third of owners have, or are considering drawing down their superannuation as a response to COVID-19.¹⁶ This is particularly concerning as it will negatively affect their ability for intergenerational wealth creation. Compounding this, many Indigenous businesses are not accessing professional support when making these decisions, with three-quarters of businesses not having or consulting a financial planner.

⁷ Nicholas Biddle, Ben Edwards, Matthew Gray and Kate Sollis, The initial impacts of COVID-19 on the self-employed, ANU Centre for Social Research and Methods, Australian National University, May 2020. (doi:10.26193/HLMZNW)

⁸ Dinku et al. 2020

⁹ F. Markham, D. Smith and F. Morphy (ed) *Indigenous Australians and the COVID-19 crisis: Perspectives on Public Policy*, Centre for Aboriginal Economic Policy Research, ANU College of Arts & Social Sciences, CAEPR TOPICAL ISSUE 1/2020.

¹⁰ Dinku et al. 2020

¹¹ Markham et al. 2020

¹² EY & Supply Nation, *State of Indigenous Business - A quantitative analysis of the impact of COVID-19 on the Indigenous business sector*, Supply Nation Research Report No.2, December, 2020.

¹³ Dinku et al. 2020

¹⁴ Dinku et al. 2020

¹⁵ Dinku et al. 2020

¹⁶ Foley & Brown 2020

COVID-19 has rapidly digitised local, regional and global marketplaces and businesses have had to develop and transform their business models to survive.¹⁷ Such a technological shift has posed problems for Indigenous businesses. Digital exclusion was already an issue for Indigenous people, as infrastructure and access to technology is often limited in rural and remote areas.¹⁸ Digital exclusion also effects businesses in a variety of ways, for example:

- Their employees or clients not having access to the required technology
- Being physically and financially unable to take their business online
- Lack of education, support and knowledge for moving to a digital business model

Many Indigenous people living in remote locations have difficulty accessing good, trustworthy financial help. Social distancing and lockdown procedures led to an increased reliance on telephone/digital banking and online platforms for financial services, which created access barriers for some Indigenous people. Another problem has been the issue of targeted and misleading financial advice provided to Indigenous businesses and people, such as accessing high-cost credit or withdrawing from their superannuation account to fund repayments. These may often appear as worthy short-term solutions but without appropriate financial literacy and support can create future financial difficulties.¹⁹

Although there have been many negative impacts of COVID-19 on Indigenous businesses, some Indigenous businesses have embraced the opportunities to change how they do business, offering the possibility for Indigenous businesses to not only recover, but grow. For example, while the greatest negative impacts have been on the arts, culture, tourism and the travel industry, the lack of international travel possibilities means a greater potential increase in domestic tourism.²⁰

Indigenous people and business owners are innovative and resilient, as demonstrated through the COVID-19 period. Notwithstanding the forced closure of many businesses, the changed environment required and enabled many organisations to think differently about how they deliver their products and services. Indigenous businesses are now operating in new markets and fields of work spurring innovation and a willingness to work in new ways and markets.²¹

While the pandemic has highlighted the need to address digital exclusion for Indigenous people, it has also provided an opportunity to engage digitally in the mainstream economy that will assist in levelling the playing field, as COVID-19 will require many Indigenous businesses to digitise their way of working. This will open new opportunities and prepare these businesses for the future of work and the potential to open up to broader and commercially viable markets.²²

To understand better some of the impacts of COVID-19 outlined above on Indigenous businesses, we undertook a process of stakeholder consultation with Indigenous businesses that included in-depth interviews and focus groups with Indigenous businesses. This report presents the findings from this qualitative research, to provide a more real-life picture of what it was like at the front-line for Indigenous

¹⁷ EY, *COVID-19: which critical choices should businesses make next?* July 2020 (https://www.ey.com/en_gl/long-term-value/covid-19-critical-choices-businesses-should-make)

¹⁸ Dinku et al. 2020

¹⁹ Megan Weier & Phil Usher, *Indigenous Financial Impacts & Risks and COVID-19*, CSI & First Nations Foundation Response, (nd) https://www.csi.edu.au/media/uploads/csi-covid_factsheet_indigenous_impact_-_final.pdf

²⁰ Terry Flew & Katherine Kirkwood, 'The impact of COVID-19 on cultural tourism: Art, culture and communication in four regional sites of Queensland, Australia'. *Media International Australia*, 2020.

²¹ UTS, Indigenous business in a post-COVID-19 economy, 24 June, 2020 (<https://www.uts.edu.au/about/uts-business-school/news/indigenous-business-post-covid-19-economy>)

²² UTS, Indigenous business, 2020

businesses during the pandemic. The report findings also provide a qualitative complement to the quantitative results outlined in the previous research report in this series.²³

2. Qualitative analysis

A series of targeted stakeholder engagement activities were conducted with Indigenous businesses in October – November 2020 to understand their real-life experiences, as well as explore, test and complement the findings from the previous quantitative modelling. Given the government guidance regarding COVID-19, consultations were conducted using phone and video technology. These included:

- Focus Groups: Two focus groups of one-hour duration with 5 Indigenous businesses (cross section of small, medium and large businesses in regional, rural and remote areas) to gather broad sector insight and experience
- In-depth Interviews: Ten in-depth interviews (of approximately 30-minute duration) with Indigenous businesses from:
 - The most affected LGA's (1 interview in each LGA)
 - The top 3 most affected industries (6 interviews in total)
 - Industries that the findings from the quantitative data analysis suggested further clarification would be useful²⁴ (2 interviews)

Thematic analysis was conducted to draw out key insights and common themes from the focus groups and interviews (see Appendices A and B for further details).

3. Key findings

3.1 Employment and revenue

Impact to workforce numbers

Businesses' workforces were affected in a variety of ways. Almost half of the organisations spoke about either having to reduce their staff or put them onto reduced hours. The two largest reductions of staff were 50% and 30% of employees. In addition, one third of these organisations hire contractors rather than employees and a large portion of these contractors either had their hours removed or reduced. The other half of the organisations spoke to their experiences of no change to their workforce or even increasing in size, with three organisations saying they hired staff to cope with new demand and growth in this period.

Industries affected

Throughout the interviews it was noted that almost all industries that the organisations could think of have experienced adverse conditions throughout COVID-19. Several highlighted as the worst hit included: travel, tourism, hospitality, construction and the arts. Additionally, almost all mentioned those providing cultural advisory services would be some of the hardest hit during this period and that this would continue, due to this being considered as a "nice to have" for most organisations.

²³ EY & Supply Nation, *State of Indigenous Business 2020*.

²⁴ EY & Supply Nation, *State of Indigenous Business, 2020*.

Accessed government support

Of the organisations spoken to, over half accessed some form of government support since the beginning of COVID-19. The majority of this was in the form of the JobKeeper wage subsidy, but others included a variety of small grants, a \$100,000 grant from the Queensland government and asset write offs. Several of the organisations tried to access funding but were unable to due to barriers in the application process.

Reduction in revenue

Half of the organisations consulted experienced a substantial reduction in revenue at the onset of COVID-19. Of those who experienced a reduction, five lost 30% to 80% of their revenue between March and May 2020. By contrast, four organisations recorded the most revenue and profit in their operating history.

Period of being hardest hit

April through to June 2020 was the period organisations felt the hardest hit, with the majority mentioning they felt the most stress on the business at the start of April when the majority of business activity came to an abrupt halt at the onset of COVID-19. Several organisations also indicated they were worried the period of being hardest hit was still to come due to programs such as JobKeeper eventually being phased out.

3.2 Areas of difficulty and pain points for Aboriginal businesses

Capacity to complete tenders

Organisations spoken to had either experienced or identified that there is an overall lack of capacity and capability to respond to tenders. Several barriers throughout the tender processes that inhibit some Indigenous businesses from being able to respond were identified, which inherently decrease the ability of some Indigenous businesses to win new projects and secure future revenue.

Reliant on one main client

A key problem that was identified was Indigenous businesses being reliant on one large government client or several long-term repeat clients. This became a problem due to contracts being delayed or cancelled leaving these organisations with no work and without a pipeline. Many then resorted to frantically doing business development to try and win work at the height of COVID-19. This issue caused several organisations to lose up to 80% of their revenue and reduce up to 50% of their workforce.

Unaware of available support and the lack of a central source communicating how to access it

The unprecedented times left many business owners requiring support in order to cope with the downturn created by the pandemic. A key issue arose when business owners did not know what support was available and how they could access it. Stakeholders identified that this was especially the case for those in rural and remote communities, where digital exclusion was the main reason for this decreased awareness of available support.

Inflexible operating models

Several businesses had invested heavily into a 'bricks and mortar' way of operating, so they were slow to adapt to the new ways of working or were unable to make the adjustment. A number of organisations were not able to make the required changes due to a lack of financial resources. Another common problem was that several of these businesses just did not know how to do business differently and were unsure what or how to adapt.

Barriers to accessing government support

A common pain point for Indigenous businesses who were struggling was difficulty accessing government support programs and barriers imposed throughout the application process. These barriers included:

- Lack of documentation required to pass certain criteria
- Lack of assistance and support within the processes
- Not having access to the required technology.

“The fact that the IPP is quite new has meant the creation of a lot of new Indigenous companies, this has led to them struggling to qualify for the 12-month JobKeeper criteria”

International supply chain disruption

Those organisations who were reliant on international suppliers and had them as a critical part of the supply chain, were heavily affected by the restrictions that were imposed. Increased lead times affected the businesses’ ability to take on new work and complete work in the existing pipeline.

“I had to wait eighteen weeks for supplies to come and this created massive lead times on materials and it made it difficult to operate”

Clients deferring contracts

A key issue for businesses at the onset of the pandemic was clients putting their contracts on hold. For a lot of organisations this meant their pipeline vanished overnight with little certainty of when it would return again.

“I believe the pipeline died back in April, the future pipeline looks bleak once the COVID-19 related projects die out”

Early stages of development

The government’s Indigenous Procurement Policy (IPP) had led to an increase in new Indigenous businesses. In many cases the infancy of these organisations at the onset of COVID-19 was a pain point due to:

- Not operating long enough to qualify for support programs
- Lower cash reserves
- Not having operations and governance fully set up
- Having invested heavily in setting up their physical business leaving little budget to adjust operations

3.3 Additional issues

Other issues of relevance that arose from the interviews and focus groups included:

- Several organisations that had managed to survive through to the time the research was conducted (October 2020), mentioned having no pipeline as of November
- Approximately one-quarter of respondents mentioned the negative impact COVID-19 had on their mental health and wellbeing
- Stakeholders wanted to see more accountability measures placed on the IPP to ensure that it is being adhered to
- Concern over the high proportion of Indigenous people employed on casual contracts
- The lack of intergenerational wealth

- Concerns that organisations on JobKeeper will have to pay for leave entitlements once the program has ended.

3.4 Key success factors and what worked well

Since February 2020, almost all organisations experienced negative impacts to their operations. Nevertheless, several organisations were successfully able to deal with the initial shock to their business. Four common themes were identified for these organisations:

- They were all technology ready with the right systems in place
- They had a diverse approach to their customer base
- They had strategically invested in the organisation
- They had experienced capabilities

Technology ready

Upon the outbreak of COVID-19, public health measures and restrictions sent businesses online within a matter of days. For the organisations who performed well through this period, the technological foundations already in place meant that the shift to digital was not a large step. Having these systems set up allowed these organisations to focus on other priority areas of their business and increased the speed at which they were able to pivot online.

- “Been using teams for the last 3 years due to it all being remote, so I haven’t needed to pivot”.
- “I set the organisation up with centralised services online, so we were quite lucky to be prepared when COVID-19 hit”.

Diverse customer base

While organisations and their clients have all been affected by the pandemic in some way, the organisations who have had success during this period have had similar approaches to their customer base.

- They focus on a diverse mix of clients across a variety of industries, both government and corporate
- Although they are an Indigenous business, they place an emphasis on acting as a normal business and do not want to rely on the Indigenous Procurement Policy to win work
- They had systems in place to pivot and adapt to the changing client base when COVID-19 hit

Strategically Invested

Successful organisations had several structural elements to their organisation that they had invested in prior to, and at the start of COVID-19, that they believe enhanced their ability to absorb the shock of the pandemic sent across their industry, which included:

- Clear and structured governance
- Time spent ensuring their financial reporting was in order and managed overheads carefully
- Time getting product development right

- Flexible workforce
- Have maintained strong relationships

Experienced Capabilities

Of the several organisations that have been able to remain strong and succeed since the beginning of COVID-19, a shared characteristic was that they had the experience and capabilities on hand to undertake the required actions.

- Their workforce had the capabilities to be repurposed to new target areas
- Businesses' leadership had the experience and capabilities to make informed business decisions at critical moments

3.5 Key changes businesses have made to succeed

Discussions with businesses made it clear that Indigenous people and businesses are innovative and resilient. Since the initial impacts of COVID-19, many organisations have pivoted or changed the way they operate, allowing them to recover quickly and for some performing better than before. Five broad areas where change had occurred were identified:

- Reducing overheads
- Changing offerings
- Moving to online modes of operating
- Local focus
- Creative marketing

Reducing overheads

With business in many industries grinding to a halt, managing cash flow became a key concern. Of the organisations that were able to recover, all made decisions to decrease their overheads. These included:

- Not renewing the lease of their office
- Reducing workforce size to match demand
- Tightening up all business expenditure on non-essential items and focusing on sustainable finance

Changing their offering rapidly

Of the organisations now seeing success, almost all had to adapt and pivot their business in some way. Some adaptations implemented by these organisations included:

- Switching to an online shopping portal
- Creating digital training courses
- Creating virtual workshops
- Starting to sell new products
- Creating new arms of the business and hiring specialised staff for the roles
- Changing the way they charge clients

Moving online and adapting their workforce quickly

The speed at which a business was able to get online and set up its workforce to work virtually had a large impact on the organisation's ability to operate and determine their next moves. To make this shift, businesses quickly:

- Bought the required technology and licenses for their staff
- Supported their staff in training for working virtually and other upskilling
- Looked for other ways to enhance their business digitally

Utilising relationships and looking local

As COVID-19 progressed, restrictions increased and the ways of doing business were changing. The organisations consulted said that looking locally and turning to pre-existing relationships were key to their recovery. This included:

- Turning to Australian or local suppliers
- Reaching out to people in their network for work or to collaborate
- Reducing risk, by doing business with those they deem trustworthy

Creative Marketing

As businesses went online, several successful businesses took this as an opportunity to get creative and utilise new marketing channels. For some businesses this involved:

- Fully embracing social media and its branding/marketing functionality
- Creating a blog and writing articles on areas their business specialises in or on topics they are passionate about

- Writing personal letters to all current and prospective clients
- Creating a podcast

4. Opportunities for supporting Indigenous businesses and people

The Indigenous businesses consulted as a part of this research highlighted a number of key areas where they would welcome greater support. These included:

4.1 Training and support in becoming a digital business

Technology was identified as a pain point for businesses and people who have struggled throughout COVID-19. To address this, two main types of programs were suggested:

- Supporting Indigenous organisations and people to access and implement the required technology
- Training and education programs for business owners to understand how they can make technology work for them and bring their brand to the digital world

4.2 Provide networking opportunities and connect businesses together

The tradeshow and networking events were consistently mentioned as a terrific offering that Supply Nation provided, and it was suggested that Supply Nation could leverage this previous work and their network to run:

- Virtual networking events
- Interactive webinars
- Programs that connect businesses and people within the industry together

4.3 Advocate and promote Indigenous businesses

A common suggestion was for Supply Nation to create initiatives, programs or strategies to increase the promotion of Indigenous businesses and focus on the key topics such as:

- The importance and value of Indigenous businesses
- Ensuring business and government agencies were meeting the Indigenous Procurement Policy guidelines
- New Indigenous businesses that are operating differently
- Importance of buying locally

4.4 Programs on essential business management topics

Organisations stated that programs and support offerings to assist capability uplift of the sector in core operational and governance areas would be valued, including:

- Responding to tenders
- Finance and getting the books in order
- Building confidence and understanding value
- Marketing

4.5 Programs tailored to sole traders and small businesses

There are a large number of Indigenous sole traders or small businesses. It was communicated that it would be highly valuable to provide them with tailored programs that assist in:

- Promoting the growth of entrepreneurs
- Identifying useful tools and resources that are available
- Essential business management topics
- Understanding how to future proof their business

4.6 Support and reaching out to remote communities

Multiple stakeholders mentioned that many businesses in remote communities are unaware of what services are available to them or even of Supply Nation itself. Therefore, several potentially beneficial programs were identified including:

- Improved communication to remote communities
- Programs that work and assist grass roots businesses
- Promoting young entrepreneurs from remote communities

4.7 Preparation once the funding runs out

While the period at the beginning of COVID-19 was identified as the time when businesses were most affected, many organisations believe the coming months with the possible end of JobKeeper in sight, will be when businesses will need the most support. Possible programs to address this include:

- Raising awareness around possible implications
- Workforce planning support
- Financial support or assistance gaining new funding

4.8 Collaborating with organisations to provide coaching and mentoring programs

A common comment was that any support programs should involve and work with Indigenous organisations to assist in delivering these key services and should in no way compete with existing programs. Collaborating with Indigenous businesses to provide coaching and mentoring was seen as particularly valuable.

4.9 Support to understand what programs, opportunities and assistance are available to businesses

As identified, many businesses did not know what support was available to them. Common recommendations to improve access to such information included:

- Supply Nation collating all sources and possible programs available and making it publicly available
- Support program to answer questions surrounding the available programs
- Posting the answers to common questions around these programs on the website and media channels

5. Conclusion

COVID-19 has profoundly affected individuals, communities and businesses alike and placed unprecedented pressure on the economy and the businesses that collectively contribute to our nation's success. COVID-19 will continue to affect Indigenous people in ways that differ from other Australians. There is a need for government, industry, corporates and peak bodies to consider how best to support businesses together through COVID-19 and beyond.

This report provides insights from the voices and lived experiences of Indigenous people and businesses to better understand some of the impacts of COVID-19 on Indigenous businesses. The report presented the findings from qualitative research, to provide a more real-life picture of what it was like at the front-line for Indigenous businesses during the pandemic. The findings also provide a qualitative complement to the quantitative results outlined in the previous research report of this series.²⁵

Some of the key findings outlined in the report include:

- Key industries directly affected by COVID-19 are accommodation and food services, the arts sector, air and other transport, recreation and tourism, trade and professional services
- Almost two thirds of Indigenous employees on casual employment work within the most affected industries
- Accessing superannuation to keep afloat, digital exclusion, difficulties accessing trustworthy financial services and mobility restrictions are all additional key concerns currently affecting Indigenous businesses
- COVID-19 may result in several benefits including an increase in domestic tourism

In terms of the main impacts on Indigenous business:

²⁵ EY & Supply Nation, *State of Indigenous Business*, 2020

- Many organisations had reduced their staff or put them onto reduced hours
- Several industries experienced significant difficulties, including travel, tourism, hospitality, construction, the arts and cultural advisory services
- Many organisations experienced a substantial reduction in revenue at the onset of COVID-19, in some cases, up to 80%

The key pain points for Indigenous businesses included:

- The capacity to complete tenders
- Reliance on one main client
- Lack of knowledge about available support and the lack of a central source communicating how to access it
- Inflexible operating models
- Barriers to accessing government support
- International supply chain disruption
- Clients deferring contracts
- Several businesses being in the early stages of development

The success factors for those businesses that had performed well during the pandemic included:

- Being technology ready with the right systems in place
- Having a diverse approach to their customer base
- Having strategically invested in the organisation
- Having experienced capabilities

Some of the main activities organisations have undertaken to adapt to the changed environment included:

- Reducing overheads
- Changing offerings
- Moving to an online mode of delivery
- Focusing on local markets and opportunities
- Using creative marketing techniques

Indigenous organisations could use more support in the following areas:

- Accessing training programs to assist the move to digitisation, business management, sole traders
- Networking opportunities to connect businesses and purchasers
- Greater advocacy and promotion of Indigenous businesses
- Coaching and mentoring programs
- Understanding what programs, opportunities and assistance are available to Indigenous business

Appendix A – Stakeholder engagement

Key stakeholders engaged for the qualitative research



Business	Link
Dice (AUST) Pty Ltd	https://diceaust.com.au/contact/
Integrity Health	https://www.integrityhs.com.au/
Complete Business Solutions Pty Ltd	https://completebs.completebs.host/
ELEPHANT In the Room Consulting	https://www.eitrconsulting.com/
Willyama	https://willyama.com.au/
Two Point Co	http://www.twopointco.com.au/
The Black Card	https://www.theblackcard.com.au/
Source Nation	https://sourcnation.com.au/about-us/
Kennelly Constructions	https://kennelly.com.au/
Burbangana	https://www.burbangana.com.au/
Goanna Solutions	https://goannasolutions.com/
Nintione Limited	https://www.nintione.com.au/
Mura Connect	http://muraconnect.com.au/
IPS Management Consultant	https://www.ipsau.com.au/#/
Brolga Cranes and Equipment Pty Ltd	http://brolgacranes.com.au/
Kulainda Advisory Services	https://kulainda-advisory-services.business.site/

Appendix B – Interview discussion guide

Interview Discussion Guide

With:	xxx
Attendees:	xxx
Notes prepared by:	xxx
Date:	xxx
Time:	xxx

Key questions included:

Which industries and sectors have been most impacted? In these industries and sectors, what has the impact on Indigenous businesses and people been?

What geographies and locations have been most impacted?

What type of businesses and skillsets have been most impacted?

Has a particular age bracket or demographic been particularly impacted?

Other questions included:

How would you describe the impact COVID-19 has had on your business?

Can you explain what support you would have liked to have seen provided by government to assist your business?

Can you share the unique challenges Indigenous businesses face and continue to experience when trying to access government support?

What have you had to do differently for your business to remain viable and what opportunities do you consider will emerge for your business?

Do you have any suggestions for how government and the corporate sector can future proof any further impact of similar circumstances on Indigenous businesses?