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## **The Business Network as Community Engagement**

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*Strategies for networking to unlock a community, helping it to develop its full potential and to prosper in a collaborative framework.*

A business network needs to encompass the whole community, organised for mutual benefit. All the limited capital(s) of a rural /regional community must be harnessed to achieve this. Too often businesses do not know the capability and capacity of their own region, let alone their neighbours. How often have you heard 'I did not know so and so builds those widgets, I have been buying them from outside our town'? Inclusiveness is the key of an effective business network, bringing together silos of government, health care, education, not-for-profits, large and small businesses and individuals, including employees and youth.

An effective community network showcases local product, produce and services and the human resources that go into creating them. A successful business network encourages new ideas and initiatives, increases local sales, production and employment. It can reverse the trend toward importing product and exporting jobs. Moreover it is a model of community engagement, creating opportunities for social and economic benefits.

Building community capacity has been identified, by Australian state and federal governments, as critical to the on-going viability of relatively small regional communities. This implies skill development and leadership, inspiration and motivation, as well as the necessary physical and financial resources (Walker et al, 2004). Business networks build community capacity by finding and harnessing human and financial resources.

“Development is a do it yourself process; for any economy it is either do it yourself or don't develop (Jacobs, 1984, p140). By participating in local networking one comes to understand the real level of innovation that resides in a community. Networking helps to commercialise a local idea and inspire others to create new products or services.

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Community banking exemplifies this process.

After the bank branch closures in the 1990's communities took to heart the "develop yourself process", partnering with Bendigo Bank to establish their own community bank branches. A local publicly owned company invests in the rights to operate a Bendigo Bank franchise – Bendigo Bank supplies all banking and backroom services while the community company operates the shopfront. Community Bank branches are a Bendigo Bank initiative which engages and involves communities in securing access to branch banking services. Revenue is shared, enabling communities to profit from their own banking and plough those profits back into community enterprise and development.

Local sales creating local production and employment, instead of importing production and exporting jobs, is what networking is all about. This is in tune with Bendigo Bank's Managing Director, Rob Hunt's message "... successful customers; successful communities create a successful bank ...and in that order<sup>1</sup>". It is about making the customer, and community, more successful to make the bank successful. Others could follow this line with equally positive outcomes.

By applying aggregated demand for previously lost services, communities retaining local capital and adopting a DIY approach to investing in their own community demonstrate that demand for services can be met locally.

Creating a formal business network can be the catalyst for developing a successful, do it yourself, process in community development. The Central Victorian Business Network (CVBN), begun in August 2002, does this.

### **Central Victorian Business Network (CVBN): a snapshot**

The founders of the CVBN were economic development practitioners in government and business who focused on community and business development. Not only did they seek to showcase local product and services, they wanted to generate opportunities for all in the community.

- 17 people volunteered their time to committees and organising events.
- Held eleven quarterly functions with an average of 260 in attendance
- A membership base of 140 businesses initially paid \$270 in the first year and subsequently renewed for a second .
- Over 100 articles on local business success stories printed in the Advertiser (with CVBN Logo), those business names subsequently were promoted on Win TV
- Star FM Radio promotes the benefits of joining CVBN
- Support gained from in excess of 20 sponsors
- Sponsors are actively seeking out CVBN
- \$1300 donated to charity from profits/donations received at functions/events
- With AusTrade hosted three Trade delegations from Asia and America

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<sup>1</sup> Bendigo Bank philosophy and a phrase regularly repeated by the Bank's Managing Director, Rob Hunt.

- Established relationships with VECCI, Bendigo Bombers VFL football team, Access Employment and the Governors of the Great Lakes in the States of Pennsylvania and Pittsburgh, USA
- Gained a staffing secondment from the City of Greater Bendigo
- Two new clusters established within the first two years
- Auspiced the Bendigo Young Professionals [YPN] with over 200 people attending first function.
- actively involved younger people through participation in /with Lead On

Real life outcomes from CVBN: One business has increased sales by \$1,000 per week, not bad for a fruit and veggie shop with its only web presence being on the CVBN web site. That shop has added a range of exclusive South Australian chocolates to fulfill customer demand for that 'something different'. Another business has attributed 10% increase in turnover to CVBN and another has won substantial national corporate and Government contracts due to involvement in the CVBN. Others have developed new products through networking and better understanding of other businesses' needs. There are many other positive and measurable outcomes from the CVBN initiative.

On an individual note, one young woman moved from interstate to Bendigo to care for her ailing mother with the intention of being in Bendigo for just three months before moving on. As a result of her involvement with CVBN she established a most successful business, became intrinsically involved in the business community and found the love of her life. Not bad results in just 12 months? A real life success story from CVBN and there are many other personal and corporate examples of CVBN related successes.

### **The Network Wheel of Potential Partners**

The CVBN has found that a community business network which engages the whole community, linking silos of interest groups, is more effective in its establishment and ongoing devolvement.

“Robert Putnam’s work on the ‘Third Italy’ suggests regions’ continuing economic success reflects the productive interaction between public and private sector institutions” (Beer, 2003, p21). These institutions recognise they are involved in a common enterprise and have established patterns of interaction featuring co-operation, contact and information exchange. It is the depth and breadth of these interactions which stimulates on-gong entrepreneurship. Beer adds, that for community economic success to occur, there must be “productive interaction between public and private sector institutions”. Universities are important examples of institutional involvement. “Regional initiatives recognise the significant role of universities, particularly those in regional areas, in the economic and social lives of a community (Nelson, 2003, p39). Moreover, La Trobe University Bendigo Professor Terry Mills stated in response to the Nelson comment “...the Minister is making a point that universities should interact with their communities. On one hand uUniversities provide wonderful intellectual resources from which local communities can benefit. On the other hand, local communities and enterprises offer academics inspiring questions that can lead to innovations in teaching and research (Mills, 2004, p2)”. Universities

can identify pathways for communities to maximise the return on a community's assets. Equally, communities can offer case studies for research and applied learning.

Interaction of public private cooperation is shown in the following illustration. If one of the spokes is missing from the wheel, the wheel will have difficulty turning and success of a community enterprise is not assured, no matter what that enterprise is. Imagine what the local economy would look like if all those silos were brought together - towns and cities would surely be very prosperous communities.

### **Figure 1: Wheel of potential partners**

Youth are undoubtedly an important part of any business community; it is *recognized* that “68% of young people (aged) 15 to 24 would like to start a business it is also known that 10% have already set up a business including 6% of those 15 to 19”. Overlook youth participation and the community will not be sustainable. That is why Bendigo Bank launched the Lead On Program<sup>2</sup>. Lead On now has 10 offices in 4 states around Australia 1700 young people have contributed 40,000 hours to over 300 youth orientated community projects.

CVBN has involved young people in their organisation too. Firstly the youth at Lead On developed the CVBN Logo and assisted in the management of the first two events. Secondly it has encouraged young business people to participate in CVBN events through the recently formed YP group.

### **Young Professional Network**

CVBN auspiced the Young Professional Network (YPN) aimed at those between 20 and 40. CVBN recognized that demographic had different needs to those involved with CVBN. New young professionals in the area have a need to not only be introduced to the community but also to liaise with other young professionals in both business orientated and social settings. YPN appreciates the benefits to the community of encouraging these talented young professionals to stay in Bendigo and become part of the community rather than staying for a short time and then moving back to other localities.

City of Greater Bendigo CEO John McLean commented after a recent CVBN event.

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<sup>2</sup> In July 1999, Lead On was opened in Bendigo, Victoria. The objective was to create a pilot program that would find ways of engaging, informing and connecting young people to the business and broader community and to expose them to what is possible in their community. Lead On now has offices in other parts of Australia.

“I was particularly impressed with the many younger people present and that it wasn't a male dominated function as is often the case with similar events. This augers well for Central Victoria's future and its business opportunities”.

## **Outcomes of Business Networking**

Networking programs offer a number of benefits:

- “Network to do business with each other, thereby raising activity levels, and potential to reduce leakage of expenditure out of the community”
- Networked “Businesses learn from the successes and failures” of others creating solutions and opportunities for business and community growth
- Networking builds a collaborative framework and the ability to create aggregated demand for the supply of goods and services.
- Networks attract new businesses to the region and community
- Networking provides a pipeline to new ideas and opportunities, which ultimately creates local sales, production and employment.
- Networking gives a community a sense of purpose, makes it more competitive in national and international markets

Community business networks grow the local economy, multiplying the community's resources, which, in turn, create a more productive region and community. Networking provides avenues to learn from the experience of others. Whether it is finding a solution to a manufacturing problem or gaining insight into export opportunities, solutions can generally be found locally.

British researchers Nigel Thrift and Ash Amin argued that ‘institutional thickness’ is an important component of the growth of many successful regions. Institutional thickness is characterised by strong institutional presence with a plethora of institutions, local chambers of commerce, training agencies and trade associations working as part of a network and collectively representing the region (Beer, 2003, p18). The fact is that the Central Victorian Business Network has achieved ‘institutional thickness’. Businesses commence trading with each other as a result of socially interacting with each other at CVBN events. Exchanging business cards one day, doing business the next.

“Networking accounts for approximately 87 % of business in the market place today and in rural sectors it is thought to be even higher. Networking is the best way of increasing your business profile at little or no cost especially in the rural sectors where a lot of networking is done on line and through word of mouth” according to Robyn Henderson, Global networker and entrepreneur.

Active business networking enhances a community because it creates economic development, achieves import replacement and strengthens the community's productive capacity. Networking also provides local businesses with a pipeline to new business opportunities, new ideas, new horizons and future options for business growth and employment creation. The result is that the community prospers and attracts new businesses; the outcome is that local sales and production is increased, in turn employment opportunities arise and in addition, a reduction of the imports

occurs. It is about building from within the community and attracting new energetic businesses to it.

The establishment of a successful business network provides the catalyst to introduce aggregated demand for business-to-business and business-to-community engagement. When most businesses are united in a community business network, that network link to other organisations such as Community Telco, a community exchange, a community foundation creating further aggregated demand opportunities. CVBN has been offered television advertising at a significant price reduction due to the size of the audience that CVBN draws. It said that success creates success. The success of CVBN has resulted in the organisation receiving a 12 month \$10,000 Victorian Government Grant to create export forums where local businesses can access information about export opportunities.

## **Conclusion**

In light of this overwhelming weight of opinion, perhaps we should conclude that too little attention has been paid, in the past, in Australia to the development of these business networks as institutions.

Every community's needs are unique, what works in one community will not necessarily work in another. However, communities can learn from one another's experience. It would be foolhardy to prescribe a definitive process to engage and unite a community; however what can be done is to show the way, to take a leaf from another's book.

The real potential of a community business network should never be underestimated. It can be the catalyst that unites the community and provides a means for sustainable development. A well structured business network built on community ownership and participation will receive high levels of support from both governments and the private sector. When a community collaborates in networking activities the community becomes more united and successful in achieving long term growth, furthermore it becomes more likely to attract new businesses and creates employment opportunities. Networking builds local skills; it provides mentors and inspires to develop new products or services. An effective business network enhances the ability to attract and retain customers.

Communities need to identify and talk to their community champions, and create a business network and their own towns, in turn the community will prosper. As a guide look at the CVBN website ([www.cvbn.org.au](http://www.cvbn.org.au)).

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