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***Facing the Economic Imperative: Preparing a Regional Business for the Future***

**Dr DELL DENNIS  
Strategic Development Advisor**

**Mr ROB EDKINS  
Chief Executive Officer  
South Coast Natural Resource Management Inc.**

## **Facing the Economic Imperative: Preparing a Regional Business for the Future**

**Even in current difficult financial times, opportunities and prospects for regional Australia, in particular Western Australia, remain strong. South Coast NRM Inc. is a not-for-profit natural resource management organisation based in Albany and operating across the South Coast Region of Western Australia. In the face of diminishing funds, this organisation has had to review its business strategy with the aim of creating new income streams through value adding to core business. This has required a substantial restructure of the organisation and its governance framework. It also included developing a concept map reflecting a range of products and services that could lead to improved business and employment opportunities whilst protecting, enhancing and promoting the unique natural resource qualities of the South Coast Region. These proposed activities include exploring business opportunities through a social enterprise approach and covering initiatives in the proposed carbon market, Indigenous and environmental tourism, and sustainability auditing.**

**This business initiative required a mix of thinking to commence a shift in the way the organisation does business in natural resource management, and also exploring new business opportunities for the long term sustainability of the organisation. In moving these ideas to actions, this shift included recognition of the need to form strategic alliances and partnerships based on mutual benefits for all stakeholders, whilst at the same time maintaining the organisation's core values.**

**Although still in its early stages, this shift in business focus and associated early effort show promise in sourcing new funding streams for the organisation.**

### **Introduction**

Many small to medium business enterprises (SMEs) continue day-to-day with the tried and true 'the way we have always done it' business practices with limited obvious regard to alternate practices, in particular with the aim of creating greater flexibility to adapt to changing business (economic, political and market) forces which comprise the business environment. Business growth and change are however, intrinsically linked and need to be considered as a routine part of ongoing business practice within the context of the broader business environment. This provides scope for the business to develop capacity and readiness to deal with, and adapt to, the various forces for change, which in turn, will support the longer term viability of the enterprise (Daft, 2001, 2004; Foster & Kaplan, 2001; Thompson, 2005).

South Coast Natural Resource Management Inc. is a not-for-profit organisation which is recognised as the peak regional group in the south coast of Western Australia working with the community to improve the environment by preserving and protecting unique plants and animals; managing land and waterways sustainably and economically; and sharing knowledge and skills in natural resource management (SCRIPT, 2004; South Coast NRM 2009).

South Coast NRM is solely reliant on government funding for its activities and has been generously funded over the period 2004-2008 through both state and federal funding arrangements. In early 2008 however, it became clear that with the change in government at federal level, the previous funding arrangements would change, with the expectation that future government funds in the area of Natural Resource Management would be increasingly competitively based. This led the CEO to recognise the need to rethink the organisation's business strategy with the overriding aim of developing alternate funding sources to reduce dependency on government funding and, in turn, to ensure the organisation's capacity for growth and longer term viability.

In using South Coast NRM as a case study, this paper provides a brief description of factors which have driven the need change, and details how the organisation is responding to its altered business circumstances by exploring and implementing a range of activities under a social enterprise model, with the longer term goal of financial independence for the organisation.

### **Changing business circumstances driving change**

In early 2008, two key factors became evident that would bring substantial change to the business circumstances of South Coast NRM. First, the increase in business activity within the organisation from 2004 to early 2008 was substantial, with growth outstripping infrastructure and manifesting in a degree of dysfunction and associated frustration within the organisation. Second, with a new federal government in place, a shift in policy priorities and funding arrangements for the Natural Resource Management sector were expected to bring considerable change for the organisation. These two factors indicated a need for a restructure of the organisation at both governance and operational levels to ensure it had the infra-structure capacity necessary for anticipated future growth and change, as well as a need to review the organisation's business strategy, taking into account a likely reduction in government funding for the organisation for the foreseeable future.

In May 2008, in consultation with members of the Executive Committee and working with a Change Management Specialist, the CEO commenced the substantial task of planning and implementing a total restructure of the organisation and the governance framework, with the aim of better placing the organisation to maintain its core business whilst at the same time undertake entrepreneurial business development activities to generate income independent of government funding. Once commenced, this process was fast moving, time consuming, requiring detailed discussions, information sharing, and substantial decision making and ongoing planning.

The restructure moved the organisation from a four tier structure to three, with a skill based board, focussed committees and associated reference groups (Annual Report, 2009). There was criticism from internal and external stakeholders as the process was initiated, and there were casualties as the restructure progressed in that some longer term employees chose to move on. It was not an easy period, but with the last components of the restructure now in place, it is evident that the organisation is currently significantly better placed to explore new business opportunities and potential alternate funding sources. There has been a significant change in the culture of the organisation, in particular to being more open and flexible in regard to change.



From there, and with further substantial discussion and input from across the organisation, many of the ideas in the concept map were then translated to a Social Enterprise ‘wheel’, which depicts actual and potential new business activities which South Coast NRM has begun to pursue (see Figure Two).



**Figure Two: South Coast NRM Social Enterprise Model**

**New directions and a new mix**

In pursuing new business ideas, the organisation recognised that there will be openings in new and emerging sectors associated with Green Business, for example climate readiness activities, environmental management, carbon ‘management’, energy efficiency (renewable and solar), but whilst those opportunities are currently being developed and ‘talked up’ within and across these sectors, they will likely require a long lead time to value-add and to action for South Coast NRM, and take further time to bring a financial return. With this reality, the organisation realised that a mix of potential new business opportunities needed to be developed and pursued, ranging from simple ideas to the more complex, with all ideas connecting to core business.

To this end, a range of ideas were canvassed within the organisation through various meetings and ‘think tanks’, in particular local and regional opportunities that readily stem from current core business activities. The ideas included exploring eco-tourism and indigenous tourism, revegetation and restoration activities beyond traditional NRM areas such as new property developments, energy auditing services, NRM training and information service provision, NRM events organising such as field days, seminars and conferences. The social enterprise ‘wheel’ proved useful in assisting to view current business activities in a more open and flexible manner and generally providing scope to connect various components of the wheel as well as moving established activities to a larger scale. In thinking more broadly, new opportunities soon became evident as the following examples show:

- In seeking volunteers for possible small scale revegetation and restoration work, a previous employee suggested that we contact a particular labour hire company, and through that contact we have now established scope to employ teams of currently unemployed workers to undertake this work across a range of projects with the potential for traineeships in NRM field work. If successful, the traineeships will then provide a skilled workforce to assist in undertaking large scale tree/vegetation planting and associated maintenance activities, for example in large scale landscaping for property development or as part of carbon off-set projects which are currently under .
- In recognising that various staff members were already organising a range of events for specific projects and related community engagement activities such as field days, seminars and NRM training, and that these activities had potential to become fee-for-service items if carried out on a larger scale and marketed appropriately to the broader community.
- Provision of specific skills and knowledge to local government authorities such as the City Of Albany for a range of activities such as weed management, storm water management and contributing to associated input in urban design.
- Provision of skills and knowledge to companies and government organisations in a range of activities that draw on the core skills of natural resource management, for example with the potential associated with carbon off-set activities, South Coast NRM is well placed to undertake site assessments, site preparation, implementation, and site maintenance and monitoring.
- Working with the local Chamber of Commerce and Industry to develop potential tourism activities, in particular bundling or packaging activities which connect the natural environment and/or cultural activities to already existing businesses such as whale watching, local wineries and locally produced foods.

### **Employee cooperation**

The culture of an organisation is the commonly held “values, beliefs, assumptions and symbols that define the way an organisation conducts its business” (Stone, 2006, p. 26) and reflects the accepted way things are done in a particular organisation (Graetz, Rimmer, Lawrence & Smith, 2006). The shift of emphasis of income derived solely from government funding to an entrepreneurial social enterprise approach required significant change for South Coast NRM not only in restructuring the organisation and its associated governance, but also in organisational culture, and this was an important factor to consider to ensure that employees understood and supported the changes that were taking place.

The restructure itself initiated a more open and flexible culture through devolution of authority and greater inclusiveness. The changes across the organisation were further reinforced through a regular change message, staff meetings and briefings, as well as with ready access to the CEO through his ‘open door’ policy for all employees. In addition, the changed and reduced funding arrangements with new governments at both state and federal levels were candidly discussed, and this reinforced the need for a more open and flexible culture with employees being receptive to new ways of ‘viewing and doing’ things to generate income to ensure continuity of projects and associated employment.

There was some resistance and fallout with the restructure resulting in some staff turnover. To counteract this and concurrent with the restructure, a review of employee conditions and

entitlements was undertaken resulting in new policies being implemented which provided enhanced conditions of employment and significant increase in scope for individual employee flexibility. These additional changes were favourably viewed and appeared to assist in diluting any significant resistance to the broader restructure. The increased benefits included paid Maternity and Paternity/ Partner Leave, the introduction of Cultural, Religious or Compassionate Leave in addition to standard Bereavement Leave, the payment of pro-rata long service leave, and the introduction of a nine day working fortnight option with flexible start and finish times around core hours.

With the restructure of the organisation and changed governance arrangements now in place, together with a substantially more open and flexible culture, there is an increased level of cooperation and willingness amongst employees to pursue new business opportunities, in particular if this means greater funding for on-ground works in natural resource management.

### **Conclusion**

Even though the shift in business emphasis at South Coast NRM is still in its initial stages, early indications and responses have been positive and often fast moving. As the social enterprise 'wheel' shows, new business opportunities range from the simple to more complex, with most of the new ideas in the Green Business sector such as climate readiness activities, carbon 'management', and energy efficiency etc, still in their formative stage. In undertaking these substantial changes, South Coast NRM has aimed at becoming more effective and efficient in its business operations to not only be well placed to take advantage of new opportunities when the present, but to also initiate and take the lead when possible opportunities are evident.

Mindful to the fast moving changes in the broader business environment, with particular recognition of the recent economic down-turn, the future success and longer term viability of this regional business will depend on its capacity to go beyond the 'tried and true' business practices of the past and take the lead to create or respond to new opportunities in a timely and responsible manner.

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## Authors' Bio-Data

**Dr. Dell Dennis** completed her doctorate through the University of Newcastle NSW where she investigated issues relating to effective workplace change in large organisations, with particular emphasis on the human side of change. She has worked as a consultant in the field of Human Resource Management with primary focus on Organisational and Human Resource Development in a range of urban, rural, and remote government and industry settings across Australia. She has also worked in management and specialist HR and OD roles in Papua New Guinea and Cambodia and has lectured and researched in her areas of expertise at the University of Western Australia and the University of Notre Dame-Australia.

More recently Dell has worked in the not-for-profit sector and in her current role with South Coast Natural Resource Management Inc. she has advised on change management including a restructure for the organisation, and is now advising on strategic development matters, primarily in regard to the organisation's business development strategy.

Contact: [delld@southcoastnrm.com.au](mailto:delld@southcoastnrm.com.au)

**Mr Rob Edkins** comes from a farming background in Arthur River, Western Australia where he and his parents ran a sheep farm. They were conducting 'land-care activities' for as long as he can remember. After leaving school Rob went to live in England where he managed several farming operations and also went to agricultural college. On returning to Western Australia Rob completed a Bachelor of Science degree (Multidisciplinary - Biology and Geography) and completed his Honours.

Rob was first employed in the natural resource management sector in 1995 under the Swan Avon Integrated Catchment Management Program working for the Department of Agriculture in Northam. In 1998 he was seconded to manage the Avon Catchment Council, and for 18 months he was directly involved in the development of the Avon Regional NRM Strategy. In 2004 Rob joined South Coast Regional Initiative Planning Team as CEO (now South Coast Natural Resource Management Inc). He commenced with a staff of five and now manages a program with over 40 employees and an annual budget of over 15 million dollars across the South Coast Region, covering the wide spectrum of natural resource management issues.

Contact: [ceo@southcoastnrm.com.au](mailto:ceo@southcoastnrm.com.au)

[www.southcoastnrm.com.au](http://www.southcoastnrm.com.au)