

**Launch of the ‘Forming and Maintaining  
Winning Business Relationships Report’ by the  
Office of the Victorian Small Business Commissioner**

**Supporting comments  
by  
Philip M. Burgess<sup>1</sup>, Reference Group Member**

Melbourne, Australia  
October 15, 2007

Thank you Mark.

I was very pleased to be, first of all invited to be a member of the Reference Group for this report, and second of all to assist with its launch today.

What really attracted me to being a part of this project is that I have a long-standing interest in Small and Mid-sized Enterprises. They are the backbone of the economy in this country, as in most other developed economies.

It is where at least half of the jobs exist and where 80 to 90 per cent of the new jobs are created. So they are very important to the future of the country.<sup>2</sup>

They are the key to economic growth and innovation both here and abroad. Most big companies, like Telstra, don't innovate inside the company – we find small businesses and entrepreneurs who are innovating and testing things. We then license or buy what they do. We

---

<sup>1</sup> Phil Burgess is Group Managing Director, Public Policy & Communications, at Telstra Corp., where he reports to the CEO, is a member of the leadership team, and is responsible for public policy, regulatory affairs, government relations, media relations, corporate communications, executive and business unit services, and the Telstra Foundation. Dr. Burgess received his BA with honours from Knox College in Galesburg, Illinois and his Ph.D. with distinction from The American University in Washington, D.C. He can be reached by email at: [phil.burgess@team.telstra.com](mailto:phil.burgess@team.telstra.com)

<sup>2</sup> In Australia, there are close to 2 million businesses:

- Less than 1% are considered 'large' with more than 200 employees (570 businesses)
- Only 4% are medium-sized with 20 to 199 employees (78,000 businesses)
- Leaving 96% of all businesses in Australia being either Sole Traders (59%) or Small Businesses (37%).

Source: Australian Business of Statistics catalogue number 8165.0

seek the innovations from them. And that means that healthy small businesses are a key part of our strategy.

Small businesses are also a key to economic development. In the cities, you have all the big companies operating and providing a lot of the jobs, but in suburban, regional and remote Australia, it is small and mid-sized companies that provide most of the jobs, pay most of the taxes and provide the leadership for a lot of community and civic activities.

SMEs are essential so that the country can be healthy, forward-looking and solid.

I also have a long-standing interest in public policy and business ethics. I'm not one that thinks that business ethics is an oxymoron, like 'military intelligence'.

I think that business ethics is an important issue, and I think that the tragedies such as Enron and some of the cases in Europe and Australia are examples of how business ethics in large companies can lead to disasters for shareholders and for the employees of the companies. And in small companies, those problems are equally present – they just don't get as much visibility.

So I think anything that we can do to help small and mid-sized enterprises to deal with the ethical issues is a good thing.

What Mark (Brennan) and the Office of the Small Business Commissioner did here was so important because big businesses have the ability to hire consultants to advise them on these things, and to have staff that can be focused on these issues.

Small to mid-sized enterprises spend all of their time trying to make ends meet. The business principal is a CEO during the day time, the CFO in the evening and the Planning Director on the weekends. They don't have time to address some of these larger issues.

What we have here is an example of Government working with business, academia and the professional sectors to provide thought-leadership for the small and mid-sized sector so that those who want to take advantage of this can.

This thought-leadership will help hold up a standard that these busy people who run their SME might have time to read, think about, and review what has been presented.

The ‘dirty little secret’ about most small to mid-sized enterprises is that they are either suppliers to a big business or customers of a big business. That is why I was so pleased this process move toward relationships – because it is the relationship between a big business and a small business that usually gets left out of the academic studies and the journalistic accounts of small and mid-sized enterprises.

The fact is that a small dress shop on Bourke Street, let’s say, it has a relationship with a big business that supplies dresses. And if you are making ball bearings in a small business in regional Victoria with 30 employees, you are probably supplying into Holden or another large car manufacturer.

So an integral part of that small business is its relationship with the big business. And that is why the relationship issues that are the central feature of this Report are so important. I think that they will provide a lot of food for thought and actionable recommendations for SME leaders to enact in their own businesses.