

**REMARKS BY THE HONOURABLE PETER UNDERWOOD AC,
GOVERNOR OF TASMANIA TO OPEN THE “SMALL BUSINESS @
TASMANIA’S FUTURE” CONFERENCE, LAUNCESTON,
WEDNESDAY 19TH JUNE 2013.**

It is a great pleasure for me to be here this morning to open this conference for small businesses organised by Business Mentor Services Tasmania. I understand that the motivation for this conference was the fact that recently, the State has been, and still is, going through difficult financial times which have made the going hard for some small businesses. But it is the strongly held view of the organisers of this conference that “lack of confidence is the major factor in holding back economic recovery” and that the aim of the conference is to try and “reinvigorate the business environment in Tasmania.”¹ The organisers have my total support in the pursuit of that aim.

The vast majority of Australian businesses are small businesses. Around 93 per cent of all Australian businesses by number have a turnover of less than \$2 million per year. Small businesses are very important to the Australian economy. They produce around 39 per cent of Australia’s industry value added and employ almost half the non-agricultural workforce. Most are engaged in the property and business services, agriculture, construction and retail sectors² Here in Tasmania, the importance of small business to the economy is even more marked. There are no less than 36,000 small businesses in the State and together they constitute 95% of all businesses³ A powerful force you might think. Forty-six per cent of the Tasmanian work force is employed by small businesses and, according to a State Government report, small

¹ Letter from Mr Windle, State Manager for BMST to the Official Secretary, Government House, 1st March 2013.

² <http://www.tsbc.org.au/webs/tsbc/tsbc.nsf/vwall/The%20Small%20Business%20Sector> accessed 28th May 2013

³ Tasmanian Government, Working in Tasmania – Small Business in Tasmania.

businesses “are essential to Tasmania’s economy” and “are frequently the drivers of new business models and first adopters of innovative products and services.”⁴

Focus Group research conducted by the Tasmanian Government in 2010 and 2011 to identify the barriers to growth for small businesses listed 16 factors including such matters as business planning, marketing and promotion and customer service, but did not mention lack of confidence; a grave omission you might think.

According to Professor Jim Taylor from the University of San Francisco⁵ “Confidence is the most important psychological contributor to performance in the business world because you may have all of the ability in the world to accomplish a goal, but if you don't believe you have that ability, you won't use that ability to its fullest extent in pursuit of success.” Professor Taylor holds the view that self-confidence is something that can be learnt. He says that, “if you practice being negative, worried, and discouraging, then you will become skilled at the negativity and that pessimistic mindset will emerge when you are in an important business situation, such as a sales call or under deadline to finish a work project.”

Professor Taylor identifies five key factors as being essential to building confidence: “*preparation*” – developing the knowledge, experiences, skillsets, psychology, resources, and support necessary to achieve your goals; “*mental skills to reinforce confidence*” – developing mental strategies to deal with stressful times; “*adversity ingrains*

⁴ Small Business Strategy Dept. of Economic Development, Tourism and the Arts September 2011

⁵ <http://www.psychologytoday.com/blog/the-power-prime/201011/business-confidence-matters-in-the-corporate-world> accessed 28th May 2013

confidence" - learning to see problems as challenges to be overcome; *"support bolsters confidence"*; and *"success validates confidence."* You might well think that they are all rather obvious essential factors necessary to the development of self confidence in the management of a small business, but how easy it is to lose sight of them when the going gets tough.

I think that now is the time for me to confess that, until I was asked to open this conference, I was totally unaware that there was an organisation in the State that arranged free mentoring programmes for small businesses. My background is the law and, although I did not have the advantage of a mentor when I was first appointed to the Supreme Court, I certainly would have benefitted from one. However, during my time on the Court, other Courts in Australia did develop mentoring programmes for newly appointed judges and they were enormously successful. The mentoring was not about learning the law but about things like what do I do when a juror faints in the jury box? How do I handle a witness who simply refuses to answer questions and how do I control a packed Court with people shouting out? In a nutshell, the mentoring was about building self-confidence for what was a sometimes very difficult and stressful job. Now, I notice on the Business Mentor Services Tasmania web site⁶ that there are a number of testimonials from successful business people who have had the benefit of mentoring and the one word that appears most frequently in those testimonials is "confidence". For example, *"From our first contact with our mentor, we felt confident that we were no longer out of our 'league;'"* [our mentor has] *"managed to turn a feeling of deep despair into one of quiet*

⁶ <http://mentors.org.au/find-a-mentor/testimonials/>

optimistic confidence; and “He was very positive and gave me lots of confidence in what I was doing” and so on.

If Professor Taylor is right when he says that confidence is the most important psychological contributor to performance in the business world, then it is axiomatic that the best way to inject that confidence into the small business sector is through mentoring programmes. With the gloom of the State budget still hanging over us, it is quite clear that all Tasmanians are depending on small business to help bring the State into the black and it seems to me that the organisers of this conference, “Small Business @ Tasmania’s Future”, are right on the ball by putting together a list of distinguished and experienced business people to address and discuss the issue of whether lack of confidence is holding back Tasmanian small businesses.

Well, it’s time that I stopped talking and let you get on with the business of the day, so I will just wish you all an interesting, stimulating and productive day, express my hope that its outcome is an invigoration of the Tasmanian economy and formally open the Conference, “Small Business @ Tasmania’s Future.”