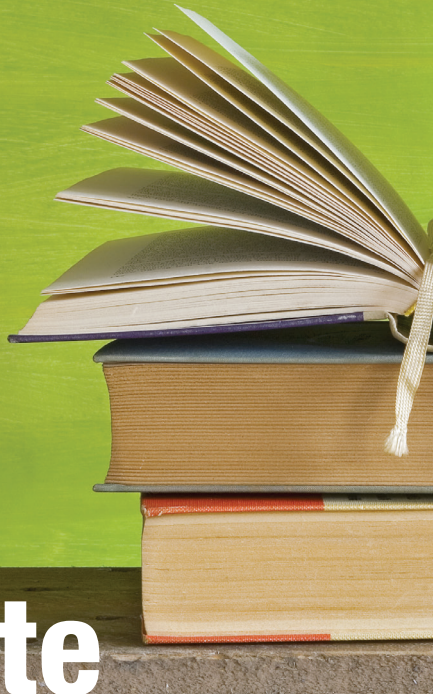


Forced to educate



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Starting a small business is fraught with uncertainty, but there are steps you can take to improve your chances of success.

One of the most important strategies is for business owners to become better educated and improve their management skills, and more and more people are choosing the option of an MBA.

Australian Bureau of Statistics' figures reveal that less than half of the 300,000 small businesses started each year are still trading four years later, so how can you create a business that endures?

Ingredients for success

CCH Research into the reasons for small business success and failure discovered that the key determinants of a business venture's eventual outcome include:

- › the level of education
- › management experience
- › the ability of those at the helm to manage rising costs

If we think about it, this makes sense. Experts in business analysis or environmental engineering may have fantastic new ideas but lack the human resources knowledge, relevant law or leadership skills to take their idea from seed to success.

MBAs now an option for SMEs

MBAs were once seen exclusively as part of the professional development pathway for corporate executives, but Professor Fred McDougall says more and more small business owners are undertaking MBA programs.

This shift is occurring in part because the Australian dream of securing a 'job for life' is being replaced by professionals reinventing their careers and looking to succeed under their own steam, especially in a period of structural change across a number of Australian industries.

"Long standing business owners, who are successful in their own right, find it difficult to expand into the next level of business growth for a number of reasons," says Professor McDougall. "They lack knowledge in the areas of business growth strategies and understanding their capacity to grow with existing resources. They don't typically have the skills to design functional business and marketing plans, streamline products and procedures and empower team contribution to assist in the growth and development of the business."

Professor McDougall continues, "Those wishing to gain the critical understanding and technical know-how to operate a business – from identifying opportunities for new products and services in the market to the principles of marketing and strategic decision making – are reconsidering education at an advanced level to deliver positive returns across their business models."

What to look for in an MBA

No one program can teach all of the traits required for small business success, such as persistence, drive and independence. However progressive MBA programs do offer essential grounding in broad business principles such as leadership, negotiation, decision-making and calculating risk – as well as providing a platform to build your professional networks via both your program peer group, mentors and academic staff.

Respondents to a Torrens' survey believe that the university programs of the future, including MBA programs suited to the business environment of today, will offer:

- › flexibility (at all times of the day and night)
- › accessibility (68% believe universities of the future will maintain free online libraries)
- › over half expect social media will play an increasing role in teaching and learning
- › innovation (54% of respondents believe future university programs will be shaped by collaboration between students in group project settings), and
- › employment-focused, career driven programs (61% of those surveyed believe universities of the future will design programs in consultation with industry experts).

As globalisation and e-commerce further and deepen these structural changes and spur cyclical fluctuations in demand, it is expected we will see more successful individuals climbing down from the corporate ladder to establish their own ventures and pursue their passion outside conventional frameworks.

"Unfortunately owning a business won't be a fruitful endeavour for everyone, but there are key factors which can increase the likelihood of succeeding in a different environment or industry. This is one of the reasons we're seeing a changing dynamic in the cohort of participants undertaking MBA programs," concludes Professor McDougall.