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## The Role of the Innovation Centre Sunshine Coast in Developing Innovation and Entrepreneurship in its Region

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# The Role of the Innovation Centre Sunshine Coast in Developing Innovation and Entrepreneurship in its Region

## **Abstract**

Regional entities in pursuit of prosperity have unique elements that can strategically come together to penetrate business innovation in micro and small businesses. This paper summarises the evolution of the Innovation Centre Sunshine Coast (ICSC) as a vehicle that has proven successful in addressing the interface between a regional university and high growth firms within a knowledge-based economy. It includes primary research into the opinions and priorities of its incumbent tenants. The paper construes, based on both literature and the experience of the ICSC, that there are some fundamental principles and guidelines that can maximise the chances of success for comparable ventures elsewhere.

## **Keywords**

incubation, innovation, regional universities, Sunshine Coast, Australia, knowledge-industry interface

## Introduction

Across the region of most OECD countries, there is a shift to knowledge-intensive enterprises which are frequently linked with universities. The development of human capital, particularly through higher levels of education and research, has been identified as the main driver, not only in affecting the worker's salary, but on its effect on the entire community (Moretti 2013).

Knowledge-intensive enterprises have a greater tendency of clustering than traditional industries primarily because of the economics but also for the 'quality of life' factors (culture, community environment) that affect health, family stability and life expectancy (Love and Crompton 1999; Moretti 2013). Such agglomeration of like-minded people were sometimes housed in an 'innovation centre' which was a concept that followed the advent of science and technology parks (S&T parks), a model in the 1980s that followed those in the Silicon Valley in the US. The clustering of talent allowed engineers and scientists to form high technology firms close to research universities, joined by entrepreneurs and venture capitalists that commercialised their best ideas (Joseph 1997). Today, no more than two S&T parks exist in any state in Australia (Wardner 2013). Similar to S&T parks, only 31 members remain registered with the Business Innovation and Incubation Australia (BIIA) in 2014 with membership numbers coming from five states – New South Wales (10), Queensland (8), Victoria (5), Western Australia (4) and South Australia (4) (BIIA 2014a). In Queensland, only one, the Innovation Centre Sunshine Coast (ICSC) remains among those established under state government's 'Smart State' initiative (1998–2007) which aimed at transitioning Queensland into a contemporary knowledge-based economy.

The ICSC over the past 12 years has, by any standards, proven successful having accommodated more than 110 tenant companies over that period of which 90 percent remain in business today – a remarkable statistic given the typical failure rate of start-up companies. The ICSC remains a fully controlled entity of the University of the Sunshine Coast (USC) and its success has relied on balancing the demands of its single shareholder, its tenant companies and the wider community.

From its inception, USC has explicitly stated its commitment to its region and has prominently featured 'engagement' as its third mission. Its vision statement during the establishment period (1996–2010) reflected that commitment: 'To be the major catalyst for the innovative and sustainable economic, cultural and educational advancement of the region, through the pursuit of international standards in teaching, research and engagement.' This was the era when ICSC

was conceptualised and established to be the flagship engagement vehicle linking the university to the region.

Today, USC's vision continues to promote engagement during its expansion phase (2011–2015) with a renewed statement: 'To be regionally relevant and recognised, nationally and internationally, for excellence in teaching, research and engagement.' USC's decision to be regionally relevant has taken prominence in its strategic priorities (USC 2014).

The Sunshine Coast region is one of the largest second-tier (non-capital city) regions in Australia (Hefferan & Wardner 2010). It is located approximately 90 kilometres from its capital city, Brisbane, in the state of Queensland. It is home to over 330,000 people (OESR 2014a) and managed by two local councils, with most of its urban development along a narrow coastal strip extending over 80 kilometres. The area is characterised by its natural amenities (close proximity to excellent surfing and sandy beaches, accessible hinterland and sub-tropical weather through the year) and a relaxed lifestyle that continues to attract local and international tourists. The economic base of the Sunshine Coast region is driven by over 34,300 registered businesses in the area with over 98 percent employing less than 19 people (ABS 2014). Its former agricultural economic base is now dominated by health care and social assistance (13.5%), retail (12.8%) and construction (11.1%) (OESR 2014b). While tourism is a major sector on the Sunshine Coast, statistical data is an aggregate of several industries when calculated, it represents 11 percent of the total Sunshine Coast economy (Economy.id 2014c).

The Sunshine Coast Council (SCC) recognised the need to diversify its economy to less economically sensitive industries and move the economy to rely on less cyclic industries such as health and education (SCC 2013). The SCC recently released its local government's *Regional Economic Development Strategy (REDS) 2013–33* which outlines four major goals for the region in the next couple of decades in terms of its gross regional product target, number of new jobs in high-value industries, export goods and services target and increasing household income in the region (SCC 2013).

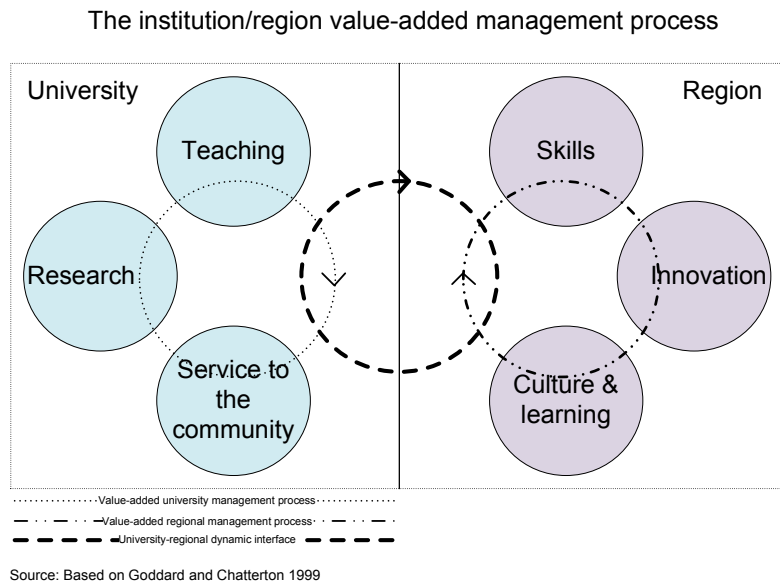
This paper provides a summary of contemporary literature relating to the role of regional universities and their support for entrepreneurship and knowledge-based start-up firms. It then provides a description of the performance of the ICSC over the past twelve years. The following sections discussed the results of primary research into the opinions and priorities of the incumbent firms of the ICSC. Finally, based on both literature and the experience of the ICSC, there are some fundamental principles and guidelines that can maximise the chances of success for comparable ventures elsewhere.

### **Regional universities and their support for entrepreneurship and start-up firms**

Economies, innovation and capital generation are typically driven by cities however in contemporary environments, (physical) growth in peri-urban areas also now influence cities wealth. For regions to capture some of that ‘city’ wealth, a cost-competitive environment (for land, labour and transport) needs to be created to induce firms to expand in that region (Polèse 2009). The challenge is often to creating an urban buzz and entrepreneurial environment that will cause start-ups to stay and expand in the region (Polèse 2009).

As education has become the ‘great divide’ in prosperous areas (Moretti 2013), regional universities play a significant role in their respective regions. A university has two main functions: to provide quality tertiary education level teaching to transfer knowledge and to create new knowledge through its research outputs. The direct and indirect economic, social and demographic effects of a campus located in a region create persistent values – universities can withstand changing economic fluctuations and business cycles and do not move (Mahr 2013). However, not all regional public authorities have been able to grasp the principles of why universities can be important agents in economic development (Goddard 2012). On the other hand, universities have largely under addressed this problem and current internal measures have not supported this enabling capacity.

Universities are complex organisations – while their main goal is education, their operations can be likened to a ‘black box’ – full of complexities and ambiguities; on the other hand, regions have innate skills, innovation, culture and learning – whatever levels they are (Pinheiro 2011; Goddard & Chatterton 1999). Goddard and Chatterton (1999) attempt to bridge this disparity by viewing universities as ‘institutions’, and host regions as ‘economic spaces’; with a strategic management interface, these can align. They illustrate this interaction in Figure 1 below.



**Figure 1:** The institution/region value-added management process

For Goddard and Chatterton, universities as higher educational institutions should not only have two functions, but also should include service to the community. Regions, as economic spaces, have skills (that need human capital formation), resources (such as regional business and innovation) also culture and learning (which is also social, cultural and environmental development). The interaction of both is location specific and the ripple effect of the exchange has spillover effects to the individuals residing in the region.

Furthermore, universities have been viewed as ‘catalysts’ of technological innovation rather than ‘drivers’ of change, particularly in regional development, because of complexities of commercialisation of that knowledge (Bramwell and Wolfe 2008). Much of this change can be achieved through local start-ups and business innovation. The role and importance of start-up companies have been recognised by the Organisation of Economic Co-operation and Development as young businesses bring with them a level of dynamism and renew the local knowledge base (OECD 2009). However, many micro and small businesses are subject to market volatility, insufficient business background, lack of funding – all characteristic of innovative start-up firms that need guidance and support.

More pragmatically, Goddard (2012) identifies four mechanisms by which universities can and do contribute to regional development and growth; these areas are:

- Enhancing innovation through their research activities
- Promoting enterprise, business development and growth
- Contributing to the development of human capital and skills
- Improving social equality through regeneration and cultural development.

There is a rapidly growing regional acceptance of the importance of education and higher end employment and skills in regional development. In Australia, government innovation policies have historically emphasised the role of universities in stimulating regional economies through business innovation and job growth in technology-based industries (RUN 2013). Regions in Australia are home to more than 64 percent of the nation's 23 million population – about 34 percent live outside the greater capital city areas and the rest live outside major cities (RUN 2014). Out of the 39 public universities in Australia, six universities with headquarters in a regional area have formed the Regional Universities Network Group (known as the RUN Group) in 2011. The member universities believe in their transformative role in building stronger regions through the knowledge exchange and place-based strategies in capacity building.

### **Experience of Innovation Centre Sunshine Coast (ICSC) Queensland**

The ICSC was established in 2000 and began operations in January 2002. Its conception initiated shortly after the opening of the newest university in Australia, USC in 1996. USC's planned growth targeted to produce 60,000 new graduates over the next 20 years. During that time, however, the regional economy relied heavily on tourism, retail and construction and provided limited opportunities for high quality careers in knowledge-based industries. Only through significant productivity gain – which can be achieved through technological progress (and innovation), can society experience salary growth (Moretti 2013).

Hence, USC recognised that it needed to undertake major initiatives to broaden work prospects for its graduates by diversifying the local economy and supporting the development of knowledge-based businesses. From when it was first established until today, the ICSC is independently operated as a not-for-profit organisation with its own CEO and Board, and remains a wholly owned subsidiary of USC. It commenced operations with 600 square metres dedicated to providing 'incubator' space that focused on supporting and establishing local start-up technology businesses which was never provided on the Sunshine Coast. The physical space was made possible with the funding contributions of \$500,000 from local and federal governments while the state government underwrote the

first three years of operating costs of up to \$500,000. By 2003, the ICSC was recognised as Australia's Regional Incubator of the Year (BIIA 2014).

In 2005–06, the ICSC collaborated with the University of Cambridge and the Massachusetts Institute of Technology, two of the world's leading universities, to launch the 'Enterprisers' program which was created to support motivated students start their own business. This was soon followed by the 'UniConnect' program in 2007 to strengthen links with USC and the businesses located at the ICSC.

In 2008, the ICSC Business Accelerator was launched providing an additional 900 square metres of office space. The state government together with USC financed this capital infusion of \$3.6 million (\$1.1 million grant and \$2.5 million loan). This meant that ICSC was able to attract professional service firms and provide more business development support services to its tenant firms. At full capacity, the ICSC housed over 200 individuals.

In the years of 2009 through to 2011, the effects of the global economic crisis that began in July 2007 started to have its effect on the ICSC tenancy turnover. These years saw a record number of new start-up firms compared with any other period; however, many were not able to continue. These years also saw the 'graduation' (hence, moving out) of six high growth clients taking with them about 48 staff in 2011.

In 2012, for the first time after 10 years of operations, a new CEO was appointed. This created renewed vigour at the ICSC. New business development campaigns such as the 'Business Pitch' competition were launched attracting over 300 people to the various events. Eleven new clients took residence at the ICSC resulting in an increase in its overall occupancy rate to 91 percent. A new type of membership, the virtual clients, were provided 'associate member' status that allowed them to partake in the offerings of the ICSC without renting out physical space. Furthermore, new corporate sponsorships were involved to support the ICSC and its programs. In 2013, the ICSC was globally recognised as part of the Top 25 University Business Incubator Index (UBI Index 2013).

The greater Sunshine Coast economy (Sunshine Coast region and Noosa Shire) have a combined gross regional product of about \$13.6 billion in 2013 (Economy.id 2014). The count of registered Australian businesses in 2013 in the Sunshine Coast and Noosa local government areas shows that 98 percent are classified either as micro or small businesses as detailed in Table 1 below:



**Table 1: Sunshine Coast and Noosa Business Count 2013**

Source: ABS 2014

Number of employees	Number of registered businesses	Percentage
Non employing	21,467	62.6%
(micro) 1–4	8,973	26.2%
(small) 5–19	3,207	9.3%
(medium) 20–199	619	1.8%
(large) 200+	39	0.1%
Total	34,305	100.0%

Over the years, the ICSC has been host to over 110 companies in the digital, clean technology and creative industry sectors (classified as ‘professional, scientific and technical services’ in official statistical databases). Table 2 below shows that during the period 2001 through to 2011, this sector has grown 1.8 times.

**Table 2: Employment by industry, Greater Sunshine Coast Region**

Source: OESR (2014b)

Industry	Census year		2006		2011		Total change	
	2001		number	%	number	%	2001–2011	
	number	%	number	%	number	%	number	%
Greater Sunshine Coast Region								
<u>Agriculture, forestry and fishing</u>	3,805	4.0	3,228	2.7	2,654	2.0	-1,151	-30.2
Mining	268	0.3	537	0.4	1,306	1.0	1,038	387.3
Manufacturing	8,072	8.6	8,880	7.3	8,876	6.6	804	10.0
Electricity, gas, water and waste services	624	0.7	759	0.6	1,359	1.0	735	117.8
Construction	8,934	9.5	15,183	12.5	15,028	11.1	6,094	68.2
Wholesale trade	3,708	3.9	4,057	3.3	4,373	3.2	665	17.9
Retail trade	12,994	13.8	16,942	13.9	17,330	12.8	4,336	33.4
Accommodation and food services	9,468	10.1	11,094	9.1	12,111	9.0	2,643	27.9
Transport, postal and warehousing	3,418	3.6	4,278	3.5	4,956	3.7	1,538	45.0
Information media and telecommunications	1,597	1.7	1,709	1.4	1,695	1.3	98	6.1
Financial and insurance services	2,305	2.5	3,302	2.7	3,625	2.7	1,320	57.3
Rental, hiring and real estate services	2,672	2.8	3,492	2.9	3,189	2.4	517	19.3
<b>Professional, scientific and technical</b>	<b>4,500</b>	<b>4.8</b>	<b>6,153</b>	<b>5.1</b>	<b>8,024</b>	<b>5.9</b>	<b>3,524</b>	<b>78.3</b>
Administrative and support services	3,222	3.4	3,891	3.2	4,628	3.4	1,406	43.6
Public administration and safety	3,712	3.9	5,574	4.6	6,046	4.5	2,334	62.9
Education and training	7,416	7.9	9,096	7.5	11,010	8.2	3,594	48.5
Health care and social assistance	9,611	10.2	13,430	11.1	18,228	13.5	8,617	89.7
Arts and recreation services	1,399	1.5	1,839	1.5	2,068	1.5	669	47.8
Other services	3,969	4.2	4,922	4.1	5,303	3.9	1,334	33.6
Total(a)	94,030	00.0	121,520	100.0	134,903	100.0	40,873	43.5

Furthermore, persons employed in the professional occupations accounted for 15.4 percent of employed persons in the greater Sunshine Coast region in 2001 and increased to 18.2 percent in 2011; the actual count increasing by 9,979 persons over the same period (OESR 2014d). While this statistic may not be directly attributed to the ICSC, the noticeable increase in quantum was observed by the ICSC.

In 2014, the ICSC continues to provide the region with support for start-up businesses focused on technology and knowledge-based enterprises. Its current principal activities include the provision of serviced office space, business development including mentoring services through a Business Incubator (targeting start-up businesses) and a Business Accelerator (targeting more established businesses with potential connections and opportunities for USC). The ‘tenants’, referred to as ‘members’, pay rental fees which include member benefits such as access to fibre connection, access to incubator services and programs provided to all those who reside in the ICSC.

With the advances in technology, the 1,460 square metre premises and 4.6 full-time equivalent staff, operates a 24-hour, seven-days a week facility providing secure, flexible office space with capital city grade infrastructure to its 38 clients and 13 associate members who in turn employ over 142 full-time equivalent staff. Over 55 percent of these employees hold a graduate or postgraduate degree while an additional 9 percent are completing a degree at USC.

The ICSC business development support and programs for its clients have had remarkable success. From its commencement in 2002 until 2013, the IC had over 100 start-up and growth knowledge-based businesses through its doors creating over 450 full-time equivalent jobs. The foundations that developed during the nascent stages of these businesses have proven to be robust given the 91.3 percent survival rate of the clients over the past 11 years. Further details are presented in Table 3 below.

**Table 3:** ICSC Client survival rate 2002–2013

Source: Hefferan, Paddenburg (2013, p.6)

Client metrics	Number	Percentage
Total number of clients from opening 2002 to March 2013	103	100.00
Closed down, no longer trading	2	1.94
Taken over, trade sale or the like	2	1.94
Website closed but Australian Business Number active	5	4.85
IC client companies still operational as of March 2013	94	91.26

Overall, the ICSC assisted clients in raising over \$28 million in seed- or venture-capital funds and over \$800 000 in grants. Furthermore, the ICSC has facilitated over 150 internships for USC students with its client companies, provided over 190 student work placements and 152 student projects — accomplishing the initial motivation of USC to provide high-calibre opportunities for its students in knowledge-based businesses.

Reflecting on the last 12 years of ICSC, several key lessons emerge. The links with the university was seen as very important because of the identity, prestige and access to quality students and graduates. The reliance on ‘deal flow’ from a regional university however has never really eventuated. Secondly, care needed to be taken in the scale of the operations to ensure that the risk of ‘worse-case scenario’ vacancies could still be accommodated while maintaining the level of service and flexibility that these tenants required. A robust system for screening incoming tenants was very important as was a dedicated and commercially-minded board (including appropriate experts) and a corporate structure that was, to an appropriate extent, freed of direct university hierarchies and administration.

### **Opinions and priorities of incumbent tenants of the ICSC**

While the University, local council and state government support the ICSC, it is also important to receive direct feedback from the incumbent tenants to determine if the plans and programs set out for them are of any strategic value to their start-up operations.

It should be noted that the management of the ICSC surveys its members on a quarterly basis on matters relating to staff numbers and employment status, finances, intellectual property, collaboration, recognition, events, and challenges that need support. However, for the first time, the current clients were independently surveyed on the role of the ICSC in developing innovation and entrepreneurship in the region.

The research directly sought the opinions and priorities of the incumbent firms of the ICSC on the specific services provided and the importance of these to them. The survey was done through mail-outs and collected in a period of two months from May to June 2014. The activity was approved by USC ethics committee and was conducted by independent researchers from the ICSC management and staff. Responses returned were from 26 of the 38 incumbent tenants reflecting a majority of 68 percent feedback. The respondent profile (26 firms) is as follows:

- on the majority (53%) less than five years in operations
- 63 percent had fewer than 4 employees, while another 21 percent has 5–10 employees

- the client base of the majority (77%) included a national market while half also serviced a global market
- 85 percent of the respondents were either the owner or managing director of their firm.

The survey questionnaire had 15 questions divided into four general areas (physical space, atmosphere, value proposition and links with USC) wherein the respondent was asked to rate those propositions from a scale of 1 to 10 where ‘1’ was of no importance, while ‘10’ was absolutely critical to their respective businesses. After each general area, the respondents were provided space to provide ‘comments’ – these are also presented below.

The following discussion below presents descriptive statistics of the responses in each of the general areas surveyed. The ratings identify which of the services the ICSC provides are rated most important to the local start-up company and if the level of service provided in those fields is sufficient.

(1) Physical space

The Innovation Centre incubator and accelerator spaces are co-located in a stand-alone building on the Sippy Downs Campus of the University of the Sunshine Coast. The other uses of the building are a large 500-seater capacity auditorium with catering service areas and research office spaces for distinct groups of the university. The ICSC building is located close to the main entrance of the university with prominent signage to the public. It has easy access to the rest of the university teaching and research space.

The services include a centralised reception area, printing services, various-sized meeting rooms, a video and podcasting recording studio. Tenants are provided 24/7 key accesses to the areas allowing global trade that need to respond to different time zones. Aside from the basic serviced office facilities (reception, kitchenette, meeting rooms), the Innovation Centre boasts one of the fastest internet providers on the Sunshine Coast with 100 bps capacity dark fibre optic cabling and a video and podcasting studio. Table 4 below provides the survey feedback on Physical space that the IC delivers. The results show a relatively good rating.

**Table 4:** Physical space

Proposition	Mean	Standard Deviation	Mode	Median
Quality of physical space	7.9	1.2	8.0	8.0
Suitability of physical space to current business needs	8.0	1.7	8.0	8.0
Close proximity, networking and social links with start-up and high growth companies	7.3	1.3	9.0	7.5

Services available to firms					
•	Meeting rooms	8.7	1.2	10.0	9.0
•	Video studio	6.2	3.3	10.0	7.0
•	Printing facilities	6.9	2.3	8.0	7.0
•	Kitchenette facilities	7.4	1.9	6.0	8.0
•	Reception	8.3	1.9	10.0	9.0
•	Speed of internet connection	8.6	1.8	10.0	9.0
Physical location (close to Brisbane and immediate region)		8.0	1.3	9.0	8.0

## (2) Atmosphere

The tenancy space available for lease is spread over two levels overlooking a central atrium to provide an atmosphere of collaboration and connectivity. The range of leasable areas is varied and the terms flexible, hence the ability to accommodate the different needs of start-up firms. The shared facilities allow for those micro businesses to enjoy the level of collaboration provided at the Innovation Centre.

Table 5 below provides the survey feedback on Atmosphere that the IC delivers. The results show a good rating.

**Table 5:** Atmosphere

Proposition	Mean	Standard Deviation	Mode	Median
Enjoying the atmosphere of an 'incubator' on the Sunshine Coast	7.8	1.4	9.0	8.0
Association with the ICSC brand (identity of the ICSC facility)	7.5	1.9	9.0	8.0

Many have commented that they have underestimated the value of the IC as they found that it has a strong and well-respected brand. An interesting comment was made on the atmosphere of 'fresh people and ideas'. They specifically appreciated the morning and afternoon tea sessions for informal updates to inform on ongoing challenges and also to share successes. They have found the atmosphere to be collegial and the positive 'can-do' attitude uplifting. The exchanges were found to be a source of new ideas and opportunity leads often in directions that the members would not have considered before.

## (3) Value proposition

The key difference locating in the Innovation Centre provides is the flexibility of tenancy arrangements and membership services as they are supported by a full-time Entrepreneur-in-Residence, professional service partners (accounting and legal services), and a mentor panel of 20 high-calibre business people. The combined ICSC resources enable members to tap into a range of experience in all

business areas including start-up, commercialisation, intellectual property services, strategy, project management, human resources, finance and capital-raising. The ICSC also organises and/or gets involved with over 35 business related events and had 1,065 people attending its events in 2013. Table 6 below provides the survey feedback on Value proposition that the IC delivers. The results show a relatively very good rating.

**Table 6:** Value proposition

Proposition	Mean	Standard Deviation	Mode	Median
Total occupation costs (membership fee, rent) for value derived	8.4	1.3	9.0	8.5
Ease of membership (meaning flexibility of terms)	8.1	1.4	8.0	8.0
Connections with early stage capital and government grants, etc.	6.6	2.2	7.0	7.0
On-site activities organised by ICSC				
• Board room briefings	7.7	1.5	9.0	8.0
• Information sessions	7.5	1.8	9.0	8.0
• Mentoring services	8.1	1.9	9.0	9.0
Access to expert information				
• Access to CEO	8.0	1.8	9.0	8.5
• Access to Entrepreneur-in-Residence	8.6	1.3	10.0	9.0
• Access to mentor panel	8.1	1.4	8.0	8.0

Of concern, however, is the average rating of the connections with early stage capital and government grants that only scored a mean rating of 6.6. This is not surprising, as trends in lending to small businesses (hence, access to finance) have slowed since the global financial crisis and interest margins increased (DIISR 2011).

On the other hand, the value of the Entrepreneur-in-Residence had special mention by many who feel that the incumbent has provided them with invaluable service and insight into developing their business. Many also have commented that they have received excellent levels of support from the experts when required and also from the co-tenants. The boardroom briefing and information sessions features speakers that were found to be proactive and worthwhile going to.

#### (4) University links

Links with the university is one of the key differences in the Innovation Centre offering compared with other serviced office spaces elsewhere. The ICSC management assists clients in accessing links to USC courses, students, interns and graduates. They also have access to USC events and activities. Table 7 below provides the survey feedback on University of the Sunshine Coast links. The results show that these services received the lowest ratings from the tenants.

**Table 7:** University of the Sunshine Coast links

<b>Proposition</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Mode</b>	<b>Median</b>
Links with USC courses	6.0	2.6	8.0	7.0
Access to USC students, interns and graduates	7.0	2.4	8.0	8.0
Access to USC events and activities	5.5	2.6	5.0	5.0

The feedback is varied. Some found the links valuable and important while others have not experienced the links at all. It may also be that some may not have experienced how a university works (only 55% have a degree) and have unrealistic expectations from students' capacities. Others also may have not taken advantage of such opportunities and perhaps need to be more engaged by the IC management to be involved into USC activities.

### Ways forward

The Sunshine Coast region provides an interesting case study – its close proximity to Brisbane while having its own iconic and aspirational environment, makes the area a particularly attractive base for knowledge intensives enterprises. To be successful however, they require a suitable workforce and support systems that promote innovation and encourage investment from within the region and external to it. As well as providing support for its client companies, the ICSC provides an example of how such a partnership between a regional university, government and private sector start-up companies can be structured. It provides the region with a level of confidence that successful outcomes can be achieved in a regional setting.

Innovative industries are different from other industries in how they make their profit (Moretti 2013). This is echoed in the Department of Innovation, Industry, Science and Research (2011, p. 26) key innovation policy framework in its description of innovation as follows:

Innovation is the key to making Australia more productive and more competitive. It is the key to answering the challenge of climate change, the challenge of national security, the challenges of disease and want. It is the key to creating a future that is better than the past. It has the power to transform existing industries — enabling them to operate more efficiently, to deliver improved products and services, and to win new markets.

In a region dominated by micro and small businesses, promoting enterprise, business development and growth has been the focus of the ICSC in the past years. The ICSC remains the flagship engagement tool of USC. Its mission is “to support the start-up and growth of technology and knowledge-based businesses” while assisting the creation of high quality jobs by developing knowledge-based

industries which contribute to the diversification of the Sunshine Coast economy (ICSC Manifesto 2014).

The ICSC plans and programs remain aligned with USC's strategic priorities. The CEO has also been a key participant in drafting the Sunshine Coast Council's current economic development strategy. Mort and Roan (2003), after evaluating the Queensland Smart State policy framework, point out that to meet the challenges of engagement into the global knowledge economy, innovation needs to deeply penetrate into the region's business structure and not be limited to education and infrastructure development alone. Thus, for a region with more than 98 percent of its businesses classified as micro or small enterprises, the cost, time and logistical barriers to innovation and entrepreneurship are significant. As such, the ICSC services and programs provides a structured approach to assisting the wider business community – whether or not they are enrolled at USC. Actions include:

- Targeted programs, developed by providers and through enterprise skills initiatives, to meet the projected needs of game changer projects and high-value industries – linked to project timeframes
- Identify and mentor potential business and community leaders
- Tactical advice, specialist expertise and contacts in relation to start-up/SME early stage investment capital-raising to address capital investment needs and priorities
- Develop innovation, best practice and business skills for existing and new regional business, including rural and hinterland businesses, to increase their sustainability.

The ICSC can still strengthen the links with USC's research and development and further support those linkages with industry. There are good practice approaches by universities in entrepreneurship development which include discussions of lessons learned, international exchanges and linkages, analysis of policy challenges and options in enhancing entrepreneurship and by offering inspiration for new approaches through local capacity-building.

In summary, the ICSC has proven to be a sustainable and successful model which is valued by its clients and region. The physical environments together with the relatively freestanding structure, the quality expert management and management systems have been essential. They have truly offered more features than that by regular serviced offices. While financially independent, the ICSC remains not-for-profit and has to find more ways to continue into the long term. Currently it has



the University as its single stakeholder that could buffer cash flow shortfalls but realises such avenues will not be sustainable. Its governance structure allowed it to evolve and test things new to the market and this continued evolution and repositioning is essential – the innovation centre has to be innovative!

Finally, while university measures are still based on research output for its academics, forging sustainable links with faculties that reverberate into the region will be the critical ‘sell’ for enhancing those connections.

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