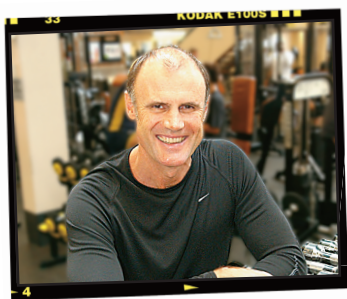




SECRETS OF MALE ENTREPRENEURS EXPOSED!

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DALE BEAUMONT
WITH BRENTON TONG & FOREWORD BY GLENN KIDDELL

Praise for *Secrets of Male Entrepreneurs Exposed*

“I would have paid over a thousand dollars for the knowledge in this book. A great read!”

Peter Hedley – CEO Stanford Management Institute

“This book should be read by everyone because it not only reveals the individual characteristics and personality types of highly successful entrepreneurs, but also shows the philosophies common to all: passion and persistence, courage and commitment. I have read many books in the entrepreneurial genre but this one stands out as one of the best!”

Tony Melvin – Managing Director Chan & Naylor Australia Pty Ltd

“This book captures the essence of what the entrepreneurial spirit is all about. Plus, it doesn’t just tell you what to do – it shows you through example, providing the motivation you need to take action.”

Louise Loveday – National Sales Manager, Café Culture Magazine

“As a former owner of a failed business, I found this book very practical and simple to understand. Thanks to this book, I know exactly what I’ll be doing differently next time.”

Paul Matulin – Audio Visual Technician

“I am totally in awe of what Dale has done to bring this book together. What I like most is that it really shows the human side of all the individual entrepreneurs and what, precisely, drove them to such great heights.”

Brent Williams – Managing Director, Tomorrow’s Youth International
Author and Youth Motivation Speaker

“Fantastic! I have read many of the books these entrepreneurs have written, but I have to say that reading *Secrets of Male Entrepreneurs Exposed* has answered some of the questions that I wished I could have asked them myself. Thank you Dale and Brenton for asking the questions you did.”

Daniel Turner – Multiple Business Owner

“This is a must-read for any aspiring entrepreneur. The real life stories are presented in a simple to read format that is both inspirational and educational.”

Terence Young – Director of Surprise In A Box Pty Ltd

“*Secrets of Male Entrepreneurs Exposed* is not only jam-packed with numerous practical ‘how to’ business tips, but it also reveals real insight into the psychology and inner workings of some of the greatest business builders.”

David Colella – IT Analyst

“I used to think that successful entrepreneurs were super-human. However, through reading this book I’ve discovered they are just ordinary people who made some simple decisions and stuck to them long enough to realise their dreams. A brilliant read, when’s the sequel?”

Adam Davis – Internet Marketing Consultant

“I can’t help but think how many years of ‘trial and error’ I’ve saved by reading this book. It is informative, insightful and inspirational. Everyone should make this part of their library.”

Aaron Artery – Business Owner

“A lot of books give you a whole lot of ‘what’! This book delivers a whole lot of ‘how’! In addition, I particularly liked the ideas on how to expand your business globally, as that is relevant to our business right now.”

Owen Matheson – National Sales Manager & Shareholder of IWT Pty Ltd

SECRETS OF
MALE
ENTREPRENEURS
EXPOSED!



SECRETS OF MALE ENTREPRENEURS EXPOSED!

Featuring written material by ★ Jim Penman ★ Siimon Reynolds
★ Justin Herald ★ Joseph Chou ★ Brad Sugars ★ and many more

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WITH BRENTON TONG & FOREWORD BY GLENN KIDDELL

Disclaimer

All the information, techniques, skills and concepts contained within this publication are of the nature of general comment only, and are not in any way recommended as individual advice. The intent is to offer a variety of information to provide a wider range of choices now and in the future, recognising that we all have widely diverse circumstances and viewpoints. Should any reader choose to make use of the information contained herein, this is their decision, and the contributors (and their companies), authors and publishers do not assume any responsibilities whatsoever under any conditions or circumstances. It is recommended that the reader obtain their own independent advice.

FIRST EDITION 2005

Reprinted 2006 (twice), 2007

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National Library of Australia
Cataloguing-in-Publication entry:

Beaumont, Dale Tong, Brenton
 Secrets of Male Entrepreneurs Exposed

ISBN 0-9757974-0-9

1. Business 2. Interviews – Australia 3. Beaumont, Dale I. Title

Published by Dream Express Publishing
A division of Dream Express International Pty Ltd
PO Box 567, Crows Nest, NSW 1585 Australia
Email: info@SecretsExposed.com.au
Website: www.SecretsExposed.com.au

Distributed in Australia by Gary Allen

For further information about orders:
Phone: +61 2 9725 2933
Email: customerservice@garyallen.com.au

Editing by Simone Tregagle [simone@inkcommunications.com.au]
Layout and typesetting by Bookhouse [www.bookhouse.com.au]
Cover design by Jay Beaumont [www.thecreativehouse.com]
Illustrations by Grant Tulloch [info@secretsexposed.com.au]
Printed and bound by McPhersons Printing [www.mcphersonsprinting.com.au]

To my amazing dad, for teaching me the value of hard work and showing me how to have a heart for people.

Dale Beaumont

To Amy for being there every step of the way, and to my parents for helping me to be all that I am.

Brenton Tong

Acknowledgments

As with any major project, there are a number of very special people who contributed to making this book happen, so we'd like to take a short moment to say 'Thank You'.

First, to our fifteen amazing entrepreneurs featured in this book, the biggest THANK YOU for accepting our invitation to be a part of this exciting project. It has been a real honour and privilege to work with every one of you. We have learnt so much from you and we are certain that thousands more will be influenced by the stories and insights that you have shared.

Next, thanks to Jay Beaumont (Dale's brother) for all your help with designing to book covers and to Craig Eve and Adam Davis for your support in building the 'Secrets Exposed' website. To Simone Tregagle (from Ink Communications) our wonderful editor – thanks for your absolute belief in the vision for these books, and to Cheryl Jenkins and Armina Soemino for your many hours of proofreading.

Now to our great friends who helped us write the hundreds of different questions for each of the people featured in this book, and gave us feedback on how things could be improved. Brent Williams, Ryan Butler, Matthew Dillon, Bianca Costigan, Colin Fragar, Grant Lewers, Matti Brooks and Stuart Zadel – you guys are awesome!

And finally, to the unsung heroes of this book – the totally fantastic assistants of the entrepreneurs featured – Jodie Shaw, Dolores Diez, Leonie McNeil, Russell Hill, Lisa Shaw, Debbie Spellman, Ynez Ng, Billie Browning, Chantal Forsaith-Hams and Stan Jordon. A sincere thanks to each and every one of you for answering our many phone calls, replying to the dozens of emails and bringing it all together. Without your support this book would not have happened.

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PREFACE

If I were in your position right now I'd be wondering if I really needed to read this section. However, if I could ask you to resist the temptation to skip ahead for just a few minutes, I'd like to share with you a few of the reasons why this book has been created and how you can use it to impact your life.

When I was growing up I heard somewhere that there are two ways to live your life: the first is through 'trial and error' and the second is through 'other people's experience'. At the time I dismissed it as just another one of those sayings that sounds good, but doesn't make much sense. Then, like most teenagers I finished school with stars in my eyes thinking, 'This is great! My education is over – no more books, no more lectures, no more people telling me what to do'. How wrong I was. After a few months of bouncing around, not quite sure of what to do next, I stumbled across the idea of personal development and started to hear concepts such as:

- Formal education will earn you a living, but self-education will make you a fortune.
- Work harder on yourself than you do on your job.
- You will be the same person five years from now, except for the people you meet and the books you read.
- Don't wish that your job were easier, wish that you were better.
- You are your own greatest asset, so you must invest in yourself.

Since November 2000, I have been totally committed to becoming my own most valuable asset. After attending hundreds of seminars, listening to thousands of hours of CDs and reading shelves of books, I have discovered that

the people who truly succeed aren't any smarter, better looking or harder working than anyone else – they just think differently and have learnt to incorporate different values into their lives.

I am now in the very fortunate position of being able to travel internationally to present personal development seminars to teenagers and I am often asked, 'What is the one thing you need to know to be successful?' My answer is always the same: 'The one thing that you need to know is that there is not *one* thing that you need to know to be successful'. I've learnt that success is multifaceted and that mastering one principle of success or area of your life isn't going to take you to the top – the more you master, the more successful you will become. But if I *did* have to identify one of the most important success strategies, it would be this: '*Find out what successful people do and do the same thing until you get the same results*'.

That's what this book is all about. The only difference is, instead of you going out and finding successful people, we've brought them to you.

You see, whatever you want in life, whatever you are shooting for, chances are that someone else is already living it. They have already invested years of their life and probably hundreds of thousands of dollars, they've made lots of mistakes, learnt from them and eventually succeeded. So why would you want to waste your own time, money and effort through 'trial and error' when you can fast-track your success by learning from 'someone else's experience'? As Sir Isaac Newton said, 'If I have seen further it is because I have been standing on the shoulders of giants'.

Every time you pick up a book, attend a seminar or interview a successful person, you are compressing years of life experience into a few hours. With any of the 'Secrets Exposed' books, you can multiply that by between twelve and sixteen people and you're looking at around 250+ years of experience and wisdom ready and waiting for you. It won't prevent you from making mistakes of your own, far from it, but it will help you to make more calculated and purposeful decisions, rather than big, misguided and ignorant ones.

There is no shortage of information about how to achieve proficiency or even greatness in any area of life these days. Go to any bookstore or library and you'll find the shelves sagging with titles from experts, all with their own theories and ways of doing things. But what I have discovered is lacking in almost all of these books is INSPIRATION. What's missing is role models and mentors – the stories of people we can all look up to. People who started out exactly like you – with a dream in their hearts and with all the same fears and insecurities. Given the choice between reading a textbook or a dozen success stories about people who have actually done something, I'd take the success stories any day of the week. I'm not saying that theoretical information isn't important, of course it is, but having presented hundreds of talks to all different types of audiences, I can confidently say that it's always the stories that move people. It's the whole, "If he or she did it, then so can I" that gets inside people's hearts. When we're inspired we get motivated and then we take positive action which leads to results.

The 'Secrets Exposed' books are not intended to be a one-stop-shop. They are an introduction to the wealth of knowledge available to you and to some of the real success stories of people who have reached the top in their chosen field of endeavour. That's why at the back of each book you will find most of the contributors' contact details and some of their other products and services that are available to help you continue your journey.

So, how did the whole idea for the 'Secrets Exposed' books come about?

Well, in 1998, when I was around seventeen, my nan gave me a copy of a book titled *Collective Wisdom*, by Brett Kelly. In it were transcripts of face-to-face interviews with a whole lot of prominent Australian personalities. And it was a fantastic read. Since then I have seen a handful of random 'success story' books, but the challenge I find with most of them is that they are either transcripts of interviews, that never really make complete sense in the printed form, or they are written by writers who paraphrase someone else's story. The result tends to be a diluted message that doesn't really allow you to get a sense of the individual's personality or character.

In around 2001 I read my first *Chicken Soup for the Soul* book and realised that there were dozens and dozens of related titles designed to meet the needs of different people's areas of interest. I thought that was pretty neat.

It wasn't until January 2004 that the 'Secrets Exposed' idea boiled over. I was in my hotel room in Singapore relaxing after six straight days of presenting to hundreds of teenagers. I was reflecting on the ideas that had been shared with them. One of the most important was to seek out those who have already achieved what you want and ask them lots of questions. I was plagued by the thought that only a small percentage would act on that very valuable advice and that most would never take the step due to a lack of confidence, fear of rejection or an inability to contact the people they needed.

That's when it hit me... 'What if I could find the people and put together a number of books covering a range of different areas?' I knew it would take a lot of effort, so for the next three days, I sat in my hotel room and developed the basis of an entire system to make it happen.

Based on my experience with other books, I decided that these books had to be non-time specific and be written (not spoken) by the people themselves. This way the answers would be planned and well thought-out, providing richer content and more interesting reading. I also wanted to make sure that there was an even balance between practical 'how to' information and inspirational stories that gave an insight into the highs and lows of people's real journeys. I also wanted to ensure that a percentage of every book sold was donated to a charity relating to the nature of that particular book.

When I arrived home I got into action. However, between working out of a tiny one-bedroom flat and trying to manage two other demanding businesses, my plans were a little slow in the beginning and I had to be resourceful. So I bought a plastic tub and turned the boot of my car into a mobile office! Anytime I could find a spare hour or two, I'd park myself at the gym or a nearby coffee shop and make calls from my mobile phone.

Putting these books together has been both time-consuming and demanding, but it has also been a real privilege for me to have the opportunity to work with each of the people involved in the various books. Thank you, to each of you, for making it possible!

Well, I think you've heard enough from me. Now it's time for you to discover for yourself the wonderful wisdom contained in these pages. I hope that you enjoy the read as much as we've enjoyed putting it together. And who knows, maybe one day we will be reading your story?

Dream Big!

Dale Beaumont

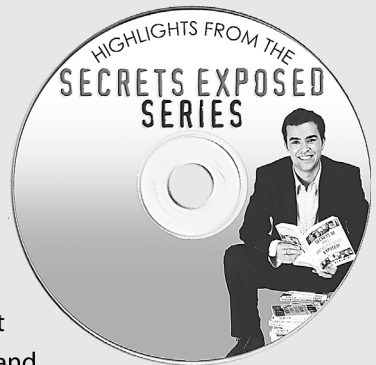
Dale Beaumont
Creator of the 'Secrets Exposed' Series
Sydney, Australia

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In this 1 hour 43 minute recorded interview, author Dale Beaumont intimately shares the inner workings of the 'Secrets Exposed' series. Discover in greater details how he came up with the idea, how he managed to secure personal interviews with over 200 of the countries most successful people and what he believes are some of the most important business and life principles from each of the books in the series.

Simply visit the web page below and follow the directions to listen to or download the entire interview direct to your Notebook or PC.



www.SecretsExposed.com.au

FOREWORD

I was both honoured and humbled when asked to write the foreword for this book; I only wish it had been available when I first started out seven years ago.

By reading about each entrepreneur's personal journey and becoming absorbed in their unique successes, failures, obstacles and problem-solving techniques you could (or should) be saying to yourself, 'That's me', and picturing yourself in their situation and wondering how you would respond.

Secrets of Male Entrepreneurs Exposed is an 'open window' into successful entrepreneurs' thoughts and experiences. It contains advice from which all budding entrepreneurs (regardless of age, education or gender) can source inspiration and motivation.

Some of the entrepreneurs profiled, including myself, are still growing, learning and making mistakes, as well as finding new and bigger challenges. There will always be new ground to cover and conquer no matter how successful you become!

Who better to lead you on your own journey than people who have already taken the path and can show you the short cuts, potholes and right and wrong turns at every crossroad?

Regardless of where you are on your journey, indeed you may not have even started yet, this book is highly informative, enjoyable and is a fascinating read. It is not always about the end result and how much money is

made or success achieved, it is also about the journey itself and the people we become en route through the lessons we learn and the friends we make.

Is this book for you? Are you a future successful entrepreneur? Are you always thinking of ideas, solutions, business opportunities, inventions, wanting to make a difference, to be your own boss, to be in control of your own destiny, seeking freedom of choice, embracing your creativity, daring to dream, with a burning desire to succeed?

If you answered 'yes', then this is the book for you!

Glenn Kiddell

Co-Founder and owner VitaMan

INTRODUCTION

A number of recent surveys have revealed that more people desire to own their own businesses than their own homes! In a country such as Australia, where home ownership is such a large part of the cultural dream, this is an amazing finding.

What's behind this phenomenon? Perhaps people are becoming more concerned with decreasing security in the job market. Maybe it's the feeling of satisfaction that comes from being in direct control of your destiny and knowing that 'what you get back' is directly proportional to what you put in. Or, perhaps it is the desire to make more money. Business remains the only way to rapidly generate ultra-wealth, and with globalisation and the new economy, it is not uncommon to see young entrepreneurs go from a start-up to multi-million dollar market capitalisation within months – not years or decades! Whatever is behind this phenomenon, it's a growing trend!

However, the high failure rate of new business ventures means that many start up business owners will not be around long enough to experience the benefits their business brings. That's where this book can help.

But before we get there, consider this. A major Australian financial institution conducted a study a few years ago which showed that business owners who attend just one seminar or training course per year significantly increase their chances of business success. So significantly in fact, that just one seminar or course in a twelve-month period equates to a 70 per cent improvement in the likelihood of business success! The catch is that most new business owners are far too busy building their businesses to spend valuable time attending seminars or courses.

Which brings us back to this book!

The same amazing results can be achieved by reading business books which examine and analyse the philosophies, attitudes and practices of highly successful business people.

Now that you know you're on the right path, let's take a look at what the wealthiest business people all have in common – and we're not talking about those lucky enough to have had their business empires handed to them through inheritance. We're talking about those people who have built their business wealth themselves.

What these people have in common is that they have all devoted time and energy to learning the secrets and skills of other successful entrepreneurs. Despite the fact that there are a handful of universities and private institutions that offer classes in business, and even degrees in 'entrepreneurship', the overwhelming majority of business leaders attribute their success to what they have learnt from other business leaders!

That's why we decided to write this book. To examine Australasian entrepreneurs, up-close and personal, and discover what they are really like, how they think and what specific behaviours bred their success.

By reading this book you will discover what's behind the success of fifteen male entrepreneurs, representing a cross-section of ages, cultural backgrounds, education, industries and business size – our entrepreneurs run businesses ranging from \$1.5 million annual turnover right up to \$200 million. We discuss their different business philosophies and approaches to business planning, product creation, capital raising, sales and marketing, finance, branding, leadership, franchising, licensing, international expansion, public listing and much, much more.

This unique package of fifteen entrepreneurial viewpoints represents a true reflection of the multifaceted mindset of today's entrepreneur, and it is information that will not only empower you, but also equip you to shape your own personal and professional goals and develop your business 'game

plan'. Whether you're a multi-millionaire looking to achieve more, or the new kid on the block just getting started, you'll find hundreds of great insights and concepts.

As good as the insights in this book are though, it is by no means a one-stop-shop. We all know that lasting success, in any area of life, needs consistent commitment and we encourage you to seek further knowledge and insight. That's why at the back of the book we have included the websites of every contributor, where you will discover many have their own books and educational materials. We strongly endorse these and encourage you to investigate further.

A number of contributors have also very generously offered valuable gifts to all of our readers. To receive them, all you need to do is visit our website, follow the steps and download the bonus gifts – absolutely *free*.

It's what you do *after you read this book* that is going to determine its real value to you. So, go out there, apply what you've learnt and when you reach a goal – no matter how big or small – let us know so we can share your success story.

ENJOY!

Dale Beaumont and Brenton Tong

Email: info@SecretsExposed.com.au

PS. Ten per cent of the profits from this book will be donated to The Fred Hollows Foundation, a non-profit, community-based aid organisation that is dedicated to restoring sight and preventing blindness. The Fred Hollows Foundation has already helped one million people across Asia, Africa and the Pacific to see again, but there is still a long way to go and every dollar donated is another life saved. For more information or to donate directly, please visit www.hollows.org.

GET INTO ACTION

BRAD SUGARS



BRAD SUGARS

“ I have had partners take my money, senior employees hold us to ransom, legal fights and people slinging mud at me in the media...if you can overcome the challenges that are thrown at you, then you are going to be a success. ”

BRAD SUGARS

Brad Sugars was born in Brisbane in 1971 and has lived all over Australia and in the USA. He obtained a Bachelor of Business degree (majoring in accounting) from the Queensland University of Technology, but according to Brad, it is his life experience rather than his academic qualifications that has led him to become a successful entrepreneur.

Brad has been in business for himself almost all of his working life – he has either owned, or been involved in, more than 30 different businesses, including magazine publishing, pizza manufacturing and dog food. He is the founder of Action International Business Coaching – the 39th top global franchise, number one business services franchise and the world's sixteenth fastest growing franchise. Action operates in nineteen countries and has business coaches in more than 700 offices.

Brad is the author of fifteen business books, including four international best-sellers, he has taught more than 480,000 people how to create business, property and financial success, appeared in dozens of magazines and on radio shows all around the world and was voted the ninth most respected entrepreneur in the world by readers of *Espy Magazine – The Entrepreneur's Bible*. Brad was also featured on the ABC TV special *Selling Success* which followed the progress of some of his students over twelve months and proved his abilities as a business coach.

Brad is also a major philanthropist; he is chairman of the Queensland Tent of the Variety Club and donates hundreds of thousands of dollars to charities each year, including Father Chris Riley's Youth Off The Streets program.

Brad is a proud husband and father of two and is in his own words, 'a very average golfer'.

When did you and your family first realise that you had an entrepreneurial flair?

When I was seven, my dad caught me selling my Christmas presents to my brothers, so I guess he knew around about then that I was going to be different! By the time I was eight years old, I had worked out that you shouldn't sell anything that you can rent – that way you get to keep the present and also get paid over and over again. Apart from that I was a fairly normal kid. Money was never really the focus for me but having fun was. I played a lot of team sports including rugby league, Aussie rules and cricket.

Is it true that after leaving school you had more than 30 different part-time and full-time jobs within a three-year period? Why did you choose to do this and what did you learn from the experience?

Yes, that's basically true. I was at university studying accounting, which only took twenty hours or so a week, so I worked. I went through 30 different jobs in order to find out what I liked and what I didn't like. One of the most important things about work is to have a passion for what you do. Too many people have no passion for life simply because of their jobs, it's important to be able to look forward to going to work.

What I learnt over the years is that I am ultimately unemployable, which sparked my entrepreneurial interests and gave me the incentive to start my own business. Every job and every boss taught me something. The lessons weren't always about the right things to do in business, I also learnt a lot about what not to do, or what doesn't work well. If you're a learner and you look for the lessons in life, then every situation offers you something to grow from.

“ Sometimes the biggest threats or challenges can turn into blessings. ”

The best thing that ever happened to me was that no accounting firm wanted to employ me straight out of university because my grades were average. If they had, I might still be an accountant today.

In the beginning, what were some of the business skills you were lacking, and what did you do about it?

Early on I had the attitude but lacked just about all of the skills needed to be successful in business; I made up for it with hard work and ‘street smarts’. To fill my knowledge gap, I decided to read everything that I could. I have read about 928 books and I definitely won’t stop there. I also went to every business seminar I could find and I bought tapes and listened to people who were successful in their fields. I found this easy to do because I was young, but what I have observed is that as people get older they assume they should know what to do and are too embarrassed to ask questions. In the long run it is more embarrassing to try and do something that you can’t do; people need to learn to ask questions. Books are probably my highest recommendation. I believe you should visit a bookstore every week, something will always jump out at you, so read it.

The number one investment you can make in life is education – both your own and your family’s. It will pay you back for the rest of time.

What made you decide to start your current business?

In 1993, after consulting with one of his local promoters, I was asked by Robert Kiyosaki to teach marketing at his business school for entrepreneurs in Hawaii. From this experience I discovered a love of teaching and went on to build my own seminar company teaching business courses. Soon enough, we wanted to continue our overseas expansion and we found that

we needed to overcome distance, language and cultural differences; the answer to achieving this was franchising.

Franchising also helped me to overcome one of the biggest challenges I was facing in my business. When I first started in business coaching I employed all of the coaches myself, and of course several left and went into competition with me. With the laws being the way they are, I was unable to stop them. Sometimes the biggest threats or challenges can turn into blessings. This experience led me to go into franchising rather than become bitter about the fact that I was losing my employees.

Why did you call your company Action International and what does it do?

‘Action’ is what it’s all about. Many people *know* what to do but the successful people are the ones who are actually doing it. ‘International’ because I had faith from day one that we would eventually be global. Today Action International is essentially a business coaching company. My coaches work one-on-one with business owners teaching them how to improve their sales, marketing, team building, systems and management. We do this through a simple six-step formula, using a tool box of 282 profit building strategies and much more.

I started in 1993 and today Action International is still number one, with more than 620 coaches in eighteen countries and climbing rapidly. For the past two years we have been listed in the world’s top 100 franchises and we are ranked number one among business consulting franchises. We have about 200 offices in Australasia and more than 700 offices in the 20 countries we operate in.

For the first four years, Action was a seminar company but there was no leverage in that because I had to be on stage all of the time and I was on the road for more than 200 days a year. For intellectual property protection and international growth we chose franchising and it’s been the best decision I ever made. I think the other very important factor in franchising

is profit margin, and that's where a service business stands head and shoulders above the rest.

Why would someone consider using a business coach?

The top three reasons why someone would use a business coach are:

1. *Team problems* – If you have staffing problems a business coach can assist you in finding solutions to recruit, train and keep good people.
2. *Time problems* – If you work too many hours or if the business would collapse without you in it, a business coach can help you to find ways to leverage yourself out of your business and to implement systems so that it can run like clockwork without you.
3. *Financial problems* – If you need to find ways to boost your revenues, raise capital for projects and/or increase your bottom line, then a business coach can help to find cost-saving or profit-increasing solutions to integrate into your business's financial plan.

Most business owners realise pretty quickly that because they don't have anyone pushing them they tend to slack off a bit, so with an Action International coach, two things happen – they finally have someone to hold them accountable and they have someone with the knowledge base to help them grow in the areas they need to grow.

You say that there are only five ways to grow a business. What are they?

That's right. Most people who come to one of our Action coaches generally want three things – more customers, increased turnover and higher profits. However, you can't change those things on their own because they are simply the result of other factors in the formula.

So here are the five ways to grow a business:

$$\begin{aligned}
 & \mathbf{1. LEADS} \\
 & \text{(prospects or potential customers)} \\
 & \times \\
 & \mathbf{2. CONVERSION RATES} \\
 & \text{(the difference between those that could have bought and those that did)} \\
 & = \\
 & \mathbf{CUSTOMERS} \\
 & \text{(the number of different customers you deal with)} \\
 & \times \\
 & \mathbf{3. NUMBER OF TRANSACTIONS} \\
 & \text{(the average number of times each customer bought from you that year)} \\
 & \times \\
 & \mathbf{4. AVERAGE DOLLAR SALE PRICE} \\
 & \text{(the average price of the item you sell)} \\
 & = \\
 & \mathbf{TOTAL REVENUE} \\
 & \text{(the total sales of the business)} \\
 & \times \\
 & \mathbf{5. MARGINS} \\
 & \text{(the percentage of each sale that is profit)} \\
 & = \\
 & \mathbf{PROFIT} \\
 & \text{(something every business owner wants more of)}
 \end{aligned}$$

It's important that you work at improving each of these five areas simultaneously. If you don't, it's a bit like going to the gym and only working the muscles in your right arm for one month, then the muscles in your left leg for the next month. It doesn't make any sense.

In my book *Instant Cashflow*, I share a whole bunch of ways to dramatically increase each of the five areas mentioned. The exciting thing to realise is, because of

“Go on, apply the above formula with a few basic numbers and see for yourself!”

the multiplier factor, by simply achieving a ten per cent increase in each of the five variables, we get a 46 per cent increase in the total revenues and a whopping 61 per cent increase in profit. Go on, apply the above formula with a few basic numbers and see for yourself!

At one point in time you had one of the fastest growing franchises in the world. What were the key ingredients to making that business grow so rapidly?

This year we were ranked as the sixteenth fastest growing franchise on the planet by *Entrepreneur Magazine*. I believe this is due to four factors:

1. In handling growth, we were decisive and had strong leadership.
2. There are good people on the team, especially the sales and marketing teams.
3. We have a great product or service to sell.
4. We have created 'raving fans', so our customers and our franchisees do our selling for us.

On top of that, it's about realising that there are more people in other parts of the world, so don't restrict yourself by geography. Too many companies, particularly in Australia, restrict themselves geographically. We have a firm policy of global expansion and aim to add four countries a year to our trading region. This alone allows for massive growth and with franchising, the working capital comes with the new franchisees.

We also have very strong viral or organic growth within the regions that we already trade. We had strong growth in the first three years, with twenty to 40 per cent growth each year after that in our existing regions. When you couple this with international expansion, you quickly see how the two multiply to give years of solid growth both now and into the future.

What do you think are some of the major benefits of having your own business?

I am so passionate about business that I could easily write a whole book on this question alone. These are some of what I consider to be the most important benefits of business ownership.

- It's the only vehicle to create *serious* cash flow. How much money would you need invested in the share market (at say ten per cent growth) to cover all of your family's lifestyle expenses? At least one or two million, right! How long would it take you to save that amount of money? Even with real estate, you would need to own a dozen or so properties outright, which will probably take ten to twenty years to build up. However, with business, provided that you have a strong desire and some street smarts, it is possible to create an asset which produces ten to fifteen thousand per month in cash flow, in a year or two. Then you can leverage yourself out of that operation and repeat it again with another business. To me that's accelerated wealth.
- With your own business you are in the driver's seat. You are the one that is in control of decision making and the leadership of your team, which gives you the satisfaction and peace of mind of knowing that whatever you put into the business, is whatever you are going to get out of it. Plus, you are working every day to make yourself rich, rather than to make the boss rich.
- Business gives you the ability to buy back your most valuable asset: time. A wise friend once said, 'Once you've spent your money you can just keep making more, but once you've spent your time it's gone forever'. Business allows you to put together systems and then employ and train a team to do the work for you. That way you don't have to physically show up in order to keep the business running, instead you can spend time travelling or with your family. Of course if you love showing up you can, but it's good to have the choice.

- A little bit of knowledge in business goes a long way. I've found that it doesn't take much to out-perform your competition in business. Like it or not, most business owners do a poor job of running their businesses, so you only need to do some basic common sense things to totally win in the minds of your customers.
- Where else can you get all of the tax benefits that business ownership brings? Of course tax systems vary around the world, but in general they're selfishly structured in such a way as to favour the people that have their own businesses. From the government's perspective, why would you want to deter the goose that lays the golden eggs?
- Most importantly to me, it's fun. I love playing the game. I love the challenge of marketing, team building, sales, accounting and cash flow management. I love the fact that I get to deal with so many different things. If you haven't already, you'll fall in love with it too when you see the results it can get for you.

You made a lot of money in your early twenties but lost it all shortly thereafter. What went wrong and what did you do to make it back again?

The biggest mistake that I ever made was taking on partners who enjoyed my money more than I did. I lost money through poor judgement and by allowing others to manage and control my finances. That's life, and we move on. I still had the knowledge of how I made it the first time, so I went back into business with a strong conviction to avoid making the same mistakes again. What I learnt is that partnerships don't work long term, but also that tight monetary controls are paramount to success.

To make a distinction here, shareholders are different to partners. It's okay to have people who fund the business and retain equity, they provide capital because they want a return on their investment but they don't work in the business like partners generally do. Shareholders understand their place and are less likely to do damage to the success of your business.

Why do you say that the key to business success is laziness?

Understand that business isn't about working hard, it's about employing people who work hard for you. Yes, you have to work hard to initially set it up, but the aim of business is to have the work done profitably by someone else and as the owner of the business your aim should be to do yourself out of a job. This is known as 'leverage'. Your job is to *think* – to search out new opportunities and add value to the company. Your team's job is to run the business and grow it.

My definition of a real business is a 'commercial, profitable enterprise that works *without me*.' It's funny how when I teach people this definition they are usually taken aback for a few seconds and then it's like, well yes, I guess you're right.

There are several elements within this definition. A 'commercial enterprise' comes first, that's one in which you can reliably and productively deliver what you sell. Most companies we coach have to go back and start at this level to remove customer complaints, bottlenecks and so on, so that the basics of the company are running right. It still amazes me how many companies don't even know what their break-even is on a day-to-day basis. We also put a very big focus on making sure that profit margins are solid right up front in coaching.

The next element to add is the 'profitable' part. That's where you learn to market and sell what you deliver. Here we find that most business owners use only two or three ways of getting new customers and even fewer ways of getting them back or having existing customers spend more money. Getting business owners to focus on their conversion rate from prospect to sale is a massive area for growth.

“ It still amazes me how many companies don't even know what their break-even is on a day-to-day basis. ”

Then, it's about systems to make it all work, a system is simply a documented way of doing something. Systemising everything from employment to customer service is all about having it recorded and documented. You can write it down, film it, photograph it, or record it any way that you like, what's important is that you have a documented way of doing things.

The last stage is the team building to make it work without the owner. Team building and leadership go hand-in-hand, but teaching it to business owners is often a challenge. On the surface it's pretty simple, but as you get into it, you begin to realise the complexities.

At the age of 26 you were in a position where you could retire financially, why did you choose to go back into the world of business?

In short, I failed at retirement. I was bored, I became irritable and I realised that the reason I had worked so hard before wasn't the money, it was because I enjoyed it. I love the game of business. Business is about people and systems working together, and keeping the balance between the two is always a challenge. Too much systems orientation and you lose customers because they feel you don't care about them. Too much people orientation and you lose customers because you can't deliver on what they order. Business is one of the most creative and challenging games you can play. However, you must remember that it is just a game, so learn the rules, play hard and have fun.

What I love now is the fact that I have choices. For example, I have the choice of going to work or not, the choice of working with my IT team one day, in marketing the next or with my CEO making the big deals. That's why I went back into the world of business initially. Nowadays, with my wife and two young kids, I have more important things to do so I work very little.

Why do you think so many small businesses fail in this country?

Put plainly and simply, it's a lack of knowledge. Just because you're a good hairdresser, accountant or florist doesn't mean that you have any idea about how to run a business that does or sells those things. The 'official' reasons for business failures are often red tape or a lack of capital, but in my experience, after working with hundreds of thousands of business owners, it's simply a lack of knowledge. The problem is that most people find an excuse or someone else to blame for their lack of success. It's easier to blame economic conditions or the government than it is to truly take responsibility for the fact that you failed. It's my belief that you never fail – unless you fail to learn the lesson.

The other most common mistake that new business owners make is starting a business from scratch doing the work they know how to do. For example, a plumber starts a plumbing business and fixes pipes all day but never actually tries to build the business. Most people buy themselves a job rather than viewing a business as an investment where it's not only the income but also the capital value that you want to build. The salary you can pay yourself is important, but ultimately you've got to remember that you're building a business with one purpose only – that is, to eventually sell it or leverage yourself out of it while the profit still comes in.

What do you think are some of the essential characteristics of a successful entrepreneur?

In short, I believe the most essential quality of a successful entrepreneur is to have 'balls'. In other words, they have to have the confidence to take a leap into the world of risk in order to achieve their dreams. While I'm thinking about it, here are a few other points I think will be useful:

“ Business is one of the most creative and challenging games you can play. ”

The great idea – The great idea doesn't have to be a great product or service, just a great way to deliver it. You could be selling black socks, you just need to do it better and in a different way to everyone else. Differentiation is the key to a successful business because people take notice when things are done in a unique way to what the rest of the market is currently doing.

The great people – This is by far the most important ingredient. A great jockey can get an average horse to win, but an average jockey can stop even a great horse from having any chance of success. The people you surround yourself with are a reflection of the amount of success you will have. And the last thing you need is...

A little bit of money – If you can't run at a profit from day one, then things are going to be tough later on. The only reason you should need extra capital is for fast expansion. So make informed decisions and borrow from people whom you trust, if need be.

I have had plenty of challenges in dealing with all of these things. I have suffered a lack of cash, a lack of good people and a lack of knowledge. I have had partners take my money, senior employees hold us to ransom, legal fights and people slinging mud at me in the media. But when it all comes down to it, I can go home and my family is there waiting for me. At that point, I realise that it's all worth it. At the end of the day, if you can overcome the challenges that are thrown at you, then you are going to be a success.

If anyone can succeed in business no matter what their background or circumstances, what do you think holds people back from becoming successful entrepreneurs?

I think that what holds people back is fear, lack of desire and lack of knowledge. Most often, people have no big reason to be a success, only a big reason to stay safe. What sets successful entrepreneurs apart is that they feel the fear, and do it anyway. Business can be a scary world to be playing in and there were lots of times when I wanted to give up. The fact that you just

have to keep going gets you through. For me, there's no allowing myself to throw in the towel, it's just not who I am.

Also tenacity with flexibility is key to success. Some people use the saying, 'If at first you don't succeed try and try again'. But remember that you need to try it a different way, not just the same way over and over again.

The best time to begin is today. The longer you wait the harder it will get – not because it's too late but because you're too safe in your old ways and you feel comfortable. Only your lack of knowledge holds you back, so start learning.

What are the most important things you have learnt about succeeding in business?

An important thing about business is that those who say it can't be done will never try, but those who at least try will learn something new. People overestimate what they can achieve in a year but underestimate what they can achieve in ten. They need to stop wishing that their lives were easier and start wishing that they were better. Those who keep learning and growing have businesses that keep growing with them.

Essentially in today's business world everything is about handling change – it will either happen to you, or preferably, you will make it happen. Too many people live reactive lives and they often live in fear because they don't know what's going to happen to them next. Be proactive and know what's going to happen because you're the one making it happen.

You say that everyone is ultimately in the business of 'marketing and selling', how can aspiring entrepreneurs learn to become better at sales?

To me marketing is maths. If it boosts the bottom line, it's great marketing. I became a great marketer through understanding, testing and measuring.

“ You run an ad, count the responses, see if it made a profit and if it did, run it again. ”

You run an ad, count the responses, see if it made a profit and if it did, run it again. There is no mystery to it just a basic science behind it. Marketing is about buying clients for the cheapest possible price (decreasing their acquisition cost) and then working with them to get them buying more from you over a long period of time (increasing their lifetime value). Too many companies look to make a profit on the products or services they provide whereas I look to make a profit

on every customer I deal with. People talk about being customer-centric, but most companies are not, they're product or service centric.

You can become better at sales and marketing in the same way that you learn anything – find someone who's better at it than you and copy them. That could be from a book, a seminar, a colleague, or wherever. Always remember that sales is a numbers game, the more numbers you do, the more customers that buy. Remember, business is about making money, not making products or services, and the only way we make money is by selling something.

What advice would you give to an aspiring entrepreneur who wants to get started in a business of his or her own?

Tap into any knowledge that you can. Read my books, read other people's books, listen to tapes and CDs, go to seminars and invest as much as you can in yourself before you invest in your own business. This shouldn't go on for too long though, your apprenticeship for your own business (which is having a job) shouldn't last for more than five years or so. If you treat your first few jobs as an apprenticeship for running your own business in the future, you'll realise that it's important to have several different jobs and to choose jobs based not on what you will *earn* but on what you will *learn*.

When it comes time to start your own business, you shouldn't think of your first business as needing to be something that you want to do for the rest of your life – start looking for a business in which you can learn. Your first one, two or even five companies will be training for when you ultimately find a great opportunity, one that you can take to a global level. Don't try to make the first one perfect, just start somewhere.

As a suggestion, look in the 'Business for Sale' section and find someone who is desperate to get out. Don't decide on your first deal let your first deal decide on you. Negotiate hard, buy yourself a great deal, then fix the business. You need to learn the lessons while you are doing it, so your first business can be the scene of many mistakes. But when you know that you can survive the first, you'll have the knowledge and experience to survive many more.

What are your top tips for becoming a great entrepreneur?

1. Your jobs should be an apprenticeship for having your own business. You should endeavour to learn as much as you can from each job that you undertake in order to fuel the knowledge that you can use in your own business. By viewing your jobs in this way, you won't get stuck in the rat-race rut like everyone else.
2. Knowledge growth equals profit growth. The more you invest in yourself and in seminars, books, tapes and CDs, the more you will know about producing positive cash flow in your business.
3. You must have a good business coach. When you have the advice of people who have already made the mistakes and proven successful, then you have a blueprint to help you avoid those mistakes.
4. Do the work once and get paid for it forever; that's leverage.
5. Work harder, faster and longer than anyone else you know, do more, be more and make bigger opportunities for yourself. In other words, bite off more than you can chew and chew like crazy.
6. Test and measure everything. You cannot manage what you do not measure. When you measure things, make sure you have certain quality control levers in order to accurately see if you are staying on track.

7. There is a lot of advice in my books for aspiring entrepreneurs and I would recommend them to anyone who is serious.

If you had to start again with nothing, what would you do?

When I started I was young and naïve. In some ways that punished me, but in others it was a blessing. I would try things that others thought couldn't be done and I would make things happen. Unfortunately, I also made a lot of mistakes and several times I did have to start over again with nothing. However, this gave me the benefit of learning and if there's ever a good time in your business life to lose a lot of money, it's at the beginning.

If I had to start again with nothing, I would first learn everything I could from my mistakes so that I didn't repeat them, and then I'd move on, it's important to not dwell on the past. Even if you lose your money and do have to start again, you still have your knowledge and that's the important part. Perhaps even more importantly, you'd also have more contacts. Understand this, everyone starts with nothing – no money, no knowledge, no contacts. If you only lose the money, you still have the other two to rely on. Most people believe that money is the be-all and end-all of business. It's not. If you started a business with money but no skills or people to support you, you would have a very slim chance of success.

What do you see as the major business opportunities over the next ten to twenty years?

Major opportunities will be there, the same as always; find the gold rush and sell pans. With that said, intellectual property is my specialty, so I guess I would have to look there. Leisure is getting bigger and bigger, there is always going to be a big need for distribution. Health is, and will continue to be huge, and of course there will always be a high demand for the fundamentals, that is all the day-to-day necessities. The fact is that there are opportunities in everything we do. This is because successful businesses are about more than just the product or service, in fact you could almost

say that it doesn't matter what you're selling, it's the business model that's important.

Apart from business, are there any other asset classes that you invest in and why?

I also invest in property because of the capital growth and the fact that the banks and tenants pay for most of it. People have this funny belief where they think about property in terms of rental income and want to create cash flow from it. To me, business is for cash flow, and property is purely for capital growth. Yes, you need to have some property that is positive cash flow to balance up your portfolio, but not all of it. I also invest in covered calls, because I like owning shares but I also like getting a 'rental' on my shares. This takes very little time once you know what you are doing, about three hours a month and you can trade internationally.

My belief is that you must start off with business to be able to invest in other asset classes. Business provides the best cash flow, and the best chance to use other people's time for your own leverage. Before you have money as an asset, you have time and while you only have time you can invest it in a business, which will result in profits. Then, those profits can be invested in property and the share market.

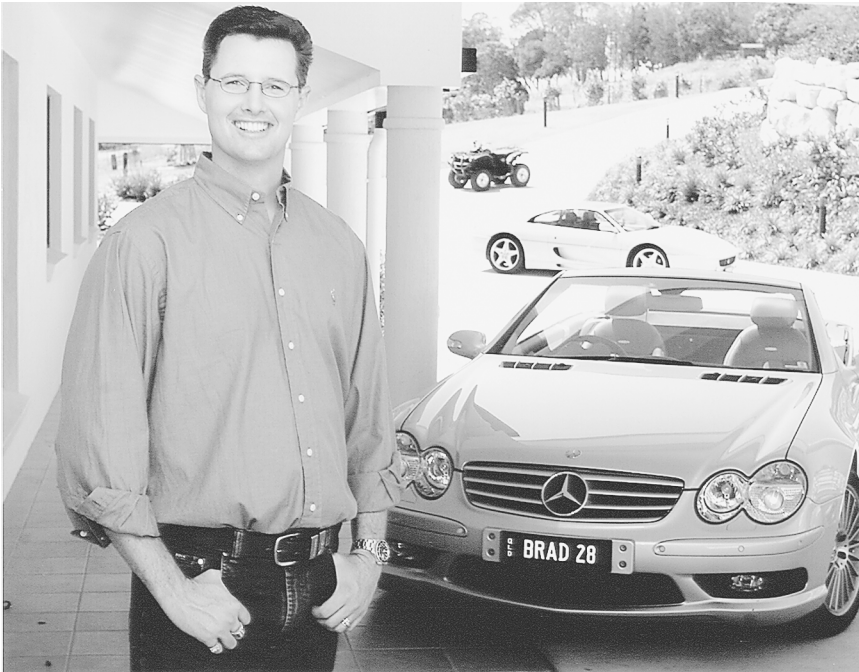
You are a well known supporter of numerous charities including Father Chris Reilly's 'Youth Off The Streets'. Why do you think that giving back is such an important wealth principle?

As well as Father Chris Reilly's 'Youth Off The Streets', I am now also the chairman of the Variety Club in Queensland. The reason that I do these things is because it's vital that you support the community that supported you. You need to give in order to receive, and unless you give you miss the whole point of life, which is to be in 'the flow', those who don't give, also don't receive. We have all heard of the important life principle that 'As ye sow, so shall ye reap'. Further to this, I also get as much, if not more, personal

satisfaction out of helping others as I do from just helping myself. The satisfaction of contribution is immense, it's nice to feel as if you are making a difference for others as well as for yourself.

Having built a multi-million dollar business, and what some people would say is the ultimate lifestyle, what changed in your life when you became a father?

It is true that many people say I have the 'ultimate lifestyle'. I have a different car for every day of the week, right now I'm driving my Lamborghini, probably because it's the newest and the most rare. I have always loved cars and it makes me feel good when I can give myself a reward like this. I also feel like I deserve it because of the patience, hard work, diligence and knowledge that I have poured into my business. Remember, you only get out what you put in.



"Hmmm, which car will I drive today?"

However, the moment I became a father I experienced something magical. I have developed a lot more patience and some would even say I have become a softie, I don't think that part is true though! I have had to become a lot less selfish and I suppose the biggest change is the fact that I have now handed over control of my company to my CEO and learnt to totally trust in his and his team's abilities.

Who are the mentors that have inspired you and what important lessons have you learnt from them?

One of my mentors, perhaps the main one, is my dad. He taught me the elements of common sense such as:

- Trust your own judgment rather than everyone else's opinion.
- As a leader or business owner you only get the people you deserve.
- It's more important to make *a* decision than it is to make a right decision.
- There is no such thing as a right decision or opinion, just different ones, so try them all.

Through experience I've learnt that a great decision brings either fear or excitement, so scare yourself and excite yourself a lot more often!



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THE FRANCHISE KING

Jim Penman



JIM PENMAN

“ Most franchise systems rigorously guard against franchisees ‘stealing’ their goodwill by going independent. I decided to make it a key selling point by allowing my franchisees to do just that – whenever they felt like it. ”

JIM PENMAN

Jim Penman was born in England in 1952, his family returned to Australia in 1955 and he grew up in Adelaide and later, Melbourne. Although he was the second of four children, Jim was a solitary child and a voracious reader of history and science fiction. By time he finished high school Jim had decided on university and an academic career.

Before starting university Jim took a year off and worked in a variety of jobs, including a stint on a farm in Western Australia, selling encyclopaedias door-to-door (unsuccessfully) and six months in the public service. He also tried (and failed) to get a gardening business going, but he did have a few customers which he kept as he began studying history at La Trobe University in Melbourne in 1971. Jim later extended his studies into a PhD in cross-cultural anthropology and zoology, but it soon became clear that because of his unorthodox views, the academic career he had planned was out of the question. As his PhD work wound down in 1982, Jim's thriving part-time gardening work became a full-time mowing business.

Twenty-two years later, this one-man mowing service has evolved into the Jim's Group, with more than 2,500 franchisees and branches all around Australia, New Zealand and Canada. Despite his success, Jim still goes into the office every day and has no plans to retire. Instead, he is committed to continuing to improve the service to both his franchisees and customers.

Jim is also still committed to his scientific interests and is currently funding a research program at La Trobe University on the neuro-endocrine basis of social behaviour.

Apart from his business and academic interests, Jim's main focus in life is his family.

Tell us a little of your background before going into business...

As a young boy, I wanted to be a train driver and later on a doctor and then a vet, for a number of years I wanted to be a science fiction writer – but never at any time did I consider becoming a business owner and least of all a gardener! It was while I was doing my history degree at La Trobe University in Melbourne that I decided to have a go at gardening – earning \$1.50 per hour for gardening seemed pretty reasonable to me (this was 1970) and as it turned out it was a valuable training ground.

Eventually, I came up with plans to expand my gardening activities. I went into the university union and used the photocopier to run off notices advertising my services at \$3 per hour, which I delivered to all the houses around my family's home. The response was astounding! Many people said they had never heard of anyone working so cheaply! I changed from charging an hourly rate to offering fixed prices for different services – I decided on \$5 for mowing a lawn, and with each lawn taking thirty minutes, I could earn the dizzying sum of \$10 per hour! But no one was going to pay me \$5 while I was also using their mower, so I had to buy my own, which meant taking the leap into the entrepreneurial world of spending money to earn more. This was probably the scariest decision of my whole business career and the beginning of my journey into the business of mowing and gardening.

Why did you choose the lawn-mowing business, was it something that you enjoyed doing?

I did enjoy it. After sitting at my student desk all week, it was good to get exercise in the open air. Even today, I feel that life falls short without some daily contact with grass and trees. I made sure that my mowing business never interfered with my studies though, mowing lawns just seemed to fit in really well back in those days.

“...he had given me the most powerful sales pitch of my life.”

In the beginning, what were some of the business skills you were lacking and what did you do about it?

I had no people skills in the beginning and I couldn't take rejection – I also absolutely hated selling – but for my business to succeed, I had to sell my mowing services and rounds consistently. Aware of this

problem, I went to see a man named Peter Rancie, a member of my church who was a partner in an advertising firm. He spent half an hour with me answering my questions, advising me on media, how to write ads and anything else he thought might help me out. I remember walking back to my car feeling very impressed by Peter and his agency and wondering how he had sold his business to me without doing any of the normal 'selling' things. He hadn't told me about his clients, nor shown me any materials. In fact, he had advised me not to use him, yet I had been completely and totally sold. He had done nothing to sell me on his business, yet he had given me the most powerful sales pitch of my life. His sole concern had been my welfare and the success of my business.

The next time someone called me about a mowing run, I tried out this new approach. I told them how to buy a mowing business and how to run one effectively. I gave advice on advertising, collecting payments and technical tips such as how to cut wet grass and fill the catcher. Over time, I developed a twelve-page manual on buying and running a mowing business. In other words, I told potential clients how to build a business from scratch (as I had done) and how to avoid the need to buy from anyone! I passed on all my hard-earned knowledge, no strings attached, for the benefit of my clients. It wasn't 'Buy from me and I will help you', but 'Here's how you can succeed, regardless of whom you buy from, or even if you choose to build your own business'. This 'selling by not selling' technique became the foundation of my business and ensured its success in the beginning, before we even began franchising.

Have there ever been times when you wanted to give up? What got you through?

I remember one time in the early days when I almost threw in the towel. I had a job to pick up rubbish from a client. It was already late when I arrived and it was a big job to load, being mainly earth and concrete. With a full load, as I drove up a slight hill on my way home, the engine began to race, the car slowed down and finally with the smell of burning engine in the air, it stopped. In my normal impatient manner, I had piled on far too much and the heavy load had burnt out the clutch. That was it, I had had it. I was cold and hungry, night was drawing on, a special evening that I had planned was ruined and I was now facing a bill to replace the clutch, which I couldn't afford. I had worked and worked, early till late, but nothing I did seemed good enough, I felt like I was never going to get out and get ahead. At that moment, I lost all hope and gave up.

When the spirit fails, sometimes habit can step in. I had a saying from my earliest mowing days, 'Put one foot in front of the other'. No matter how bad you feel, keep on taking the next small step, and then the next small step, and eventually the job gets done. I began to feel in control of things again and realised that even the worst crisis would not drag me down if I refused to give up. I knew right then that I would succeed and that one day I would reach my goals.

At what point did you realise that your lawn-mowing business could be franchised and how did you learn what to do?

My mowing business was going so well that I soon realised I needed to reduce my personal workload, which had become excessive. I began by advertising my mowing round in the paper. This developed and I soon found success selling lawn mowing rounds. At this time my ambition was to create a research institute, and I needed a major business to fund it, so I asked myself how I could do this if I kept selling off my customers. The answer was obvious – by getting the purchasers to keep on paying me, therefore franchising was the way to go. I went to a franchising presentation by my

main competitor, VIP, and learnt about how they successfully franchise. The VIP system made sense to me, especially the way it concentrated on working in one area. It allowed franchisees to reduce their travelling time, to have security in case of illness or accident, to gain discounts on equipment and insurance and to make extra cash by selling off surplus jobs. I suddenly felt the future was bright and I *knew* I could make franchising work for me.

What were some of the steps you had to go through before your business was ready to be franchised?

I was already doing a lot of the job of a franchisor: I had written a manual, was providing training, doing seminars, providing advice and helping with resales. But on top of this I needed an information brochure, standardised trailers, a logo and uniforms, and most of this was not very difficult. I started with my main competitor's brochure, examining everything about it, from the way it was written to the binding, then I wrote my own version covering the same topics. For our logo, we used a photo of me in my mowing hat and beard (which made me look like a gardener) and turned it into a drawing. We then used it on the trailers which incorporated many of my own innovations, I was determined that my franchisees would have the best possible equipment.

I knew that the real key to success would be our ability to attract and keep the best franchisees and for this I needed to design a system so good you'd have to be mad not to join it. To accomplish this, I needed a franchise agreement and in September 1988 I went to a solicitor with experience in franchise contracts and described the features that I wanted to incorporate. The franchisees must be required to give excellent service, wear uniforms and pay their fees, but my main focus was on what *I* could do for them. My contract had to provide valuable privileges and protection to the franchisees. So we negotiated some clauses and soon my business was ready to be franchised.

How do you go about attracting the right type of people, and what are the criteria you look for when selecting a franchisee?

I wanted Jim's Mowing to be a quality business run by quality people, therefore I had specific characteristics that I was looking for in my franchisees. I wanted them to be trained in management with business experience and a professional background as well as having terrific interpersonal and communication skills. They had to be articulate and ambitious but see no loss of dignity in working at a manual job. Furthermore, a very important characteristic for me was that they needed to possess a sense of decency and ethics. Trust is a very important requirement for people who go onto other people's property, we reject anyone who shows signs of dishonesty. Also, the key characteristics of any entrepreneur (such as persistence, self-discipline and motivation) are vital components to ensuring the success of the business.

I had to make sure that I attracted this type of person and the way I went about it was by basically offering them a deal that they couldn't refuse. Our contract put franchisees in a very strong position, it gave them clear territory rights, but allowed them the freedom to find work wherever they chose. Another way that the contract benefited the franchisees was in the way I treated fees. I believed that fees could only be justified if the franchisee was getting value for them, that is, as a franchisor we should have to 'earn' our fees by the service we provide. The best way to achieve this was to make them, in effect, voluntary. Most franchise systems rigorously guard against franchisees 'stealing' their goodwill by going independent. I decided to make it a key selling point by allowing my franchisees to do just that – whenever they felt like it they could walk out, taking their customers with them! This forced me to treat my franchisees like customers and also ensured that I attracted quality people. I could not rely on the contract to make them stay, so I had no choice but to look after them.

“ I could not rely on the contract to make them stay, so I had no choice but to look after them. ”

Another unusual feature was our work guarantee. People buying a franchise are looking for an income, they want to know how much they will make and how we can guarantee it. I felt it was better to let the new franchisee quote and look after their own jobs from the beginning. Naturally, this was more demanding, but I selected only quality franchisees, so I guaranteed at least \$600 per week while they were building their run to a certain size. If the work wasn't there, I would pay the difference. In later years we asked new franchisees in some new divisions to do free promotional work in return for their payments to get them out building their businesses instead of sitting at home.

Another way that I attracted the franchisees I wanted was through my book, *The Cutting Edge*, based on Jim's Mowing in the early 1990s. It sold a few thousand copies, but became far more important as a kind of 'bible' for the company. I had developed very distinct ideas about franchising, particularly in relation to customer service and treating franchisees like customers. We made a practice of handing out copies to staff and good quality franchise prospects. It created a company culture and attracted the right people. Many new franchisees told me that they were influenced to join because they liked the ethical standards expressed in the book.

What type of ongoing support and training do you provide for your franchisees?

The core value of Jim's Group is putting franchisees first. I am never, ever satisfied with how much we do for our franchisees. Improving our franchisee support is the single biggest obsession of my life, and it is intolerable to me that any franchisee should fail for lack of anything that we could do. For this reason we provide a myriad of different aspects of ongoing support and training for our franchisees.

During our earlier days, we used to run meetings where the normal practice was to start with discussion about the system, gripes and so on, and end with training talks on subjects such as landscaping and customer relations. Any new ideas about how to do things were added to the Jim's Mowing

operations manual, which we stored on our word processor and continually updated. As the business grew, so too did our methods of training and support. We began making training audio tapes, and asked franchisees who had flourished in tough times to train and mentor others.

One of my main concerns as the business grew was that it would become less personal and that the franchisees would lose the influence they had in the early days, so we set up a Franchisee Representative Committee. Our group meetings alternated between large training meetings and smaller localised discussion groups, which were asked to come up with suggestions or complaints and delegate someone to take them to the Reps Committee. Reps could be relied on to tell us, without pulling any punches, if we needed to change our ways.

The great thing about this system is that it is mutually beneficial – by helping our franchisees, it helps to grow and strengthen the business! And it's not difficult to find the right type of new franchisee when you have your current franchisees willing to tell anyone how well they were treated and how much support they received.

In the beginning, did you ever imagine that your little one-man-band would one day have more than 2,600 franchises, in four countries?

When my first franchisee signed in June 1989 our main competitor, VIP, had 50 Victorian franchisees and 250 Australia-wide. By the end of our first year, we had 60 franchisees and were breathing down their neck. Within a decade we were double their size! But that didn't stop me from finding it totally incredible that a gardening business could make it so big. I remember when my solicitor drew up the original contract he put a space on the title page for 'Jim's Mowing Australia' and one for 'Jim's Mowing Victoria'. I asked, 'What's this for?' He said, 'In case you want to set up branches interstate'. I just laughed, 'This is a lawn-mowing company!' My biggest ambition at that time was to survive the onslaught from VIP and have maybe 100 franchisees. Registering two companies instead of one

“...we could see how the phones lit up with mowing calls when we advertised dog washing on the radio.”

seemed like a waste of money to me, but I agreed to do it – just in case.

It was around mid-1990 when the idea started to seem a little less ridiculous to me. By January 1992, franchises were up and running in every Australian state and by 1993, we were starting to cast our eyes overseas. One of our successful state franchisees approached me with the idea of a partnership in New Zealand. By early 1995, we were spreading into the last

corners of Australia, including areas I would never have thought of as possibilities, such as far north Queensland, Townsville and Cairns.

It still wasn't until 1996 that I really started to acknowledge the true potential of the business. I had been reading about lawn-mowing businesses and franchises in North America, and it was clear that we Australians were onto something new. Not only were the American systems much smaller, but they operated like more traditional franchises. We had only just begun to scratch the surface of the market. What might Jim's be like with 100,000 franchisees? In late 1996, we began Jim's Mowing in Vancouver, Canada, and by 2000 this had grown into 40 franchises and we had also opened for business in the United States!

Why did you decide to diversify and use the Jim's Mowing model to create other types of businesses within the same brand?

At the point when I began considering diversification we were neck-and-neck with VIP for the title of world's largest lawn-mowing franchise and growing at a much faster rate. There was obviously a huge untapped potential in other areas.

There were a number of reasons why diversifying seemed like such a good idea: we already knew a lot about franchising and we could use the power

and recognition of our name to kick-start additional businesses; we could offer more than one service to our customers, which was particularly important for clients such as real estate agents that needed a whole lot of things done; and, the mowing business was both seasonal and subject to weather conditions such as drought.

In late 1994, I was approached by a cleaning contractor named John Mahoney about a new division. I knew what I wanted – a business that would not hurt, or be seen to hurt, my mowing franchisees, one that would be expertly run, with a totally separate and professional image, and one in which an average operator could expect a turnover of at least \$1,000 per week. So I decided to set up Jim's Cleaning with him. The logo was the same but with 'cleaning' replacing 'mowing', and a blue colour to distinguish it from the existing green logo. Recognisably linked, yet clearly different. People recognised the logo and suddenly we were in!

Then, someone approached us with the idea of mobile dog washing. As with cleaning, we wanted a recognisably 'Jim's' logo that was also clearly distinct. So we asked the graphic designer to try and fit a dog into the picture, and settled on firebox red. After that we became Jim's Group and moved onto Jim's trees, car cleaning, handyman and fencing – with more to follow.

Our main concern in diversifying was the attitude of the existing franchisees. Mowing contractors feared losing work and income to the new divisions. There were no problems with dog washing or car cleaning, but trees and handyman work were an important part of their income. We soon worked out how to co-exist and mutually benefit. I carefully detailed how each new business was designed to help, not hurt, existing franchisees and how they would benefit from the new ventures and flow-on from advertising, which actually went far beyond our expectations; we could see how the phones lit up with mowing calls when we advertised dog washing on the radio. The effect was to become even more marked the following year when mowing franchisees had their best winter ever.

Nowadays, we have franchised everything from security doors to computers and book-keeping. Even though most people see Jim's as a monolith, the reality is that we are more like a group of joint ventures. Non-mowing divisions have a great deal of autonomy in the way they operate and complete control over international finances so long as they adhere to our principles of franchise and customer service, and use the administration centres, where relevant. We focus on doing what we do best, including dispute resolution, contracts, conferences, generic training, franchisee polling and so on.

What is the biggest mistake you've ever made in business and what did you learn from it?

At the beginning of my journey, the biggest mistake that I made was being too lazy, ill-disciplined and rather 'up myself'. I felt that my time was too valuable to go out mowing lawns, so I stayed home to 'manage' the business while I put on subcontractors. What I really did though was spend most of my time sitting in my bean bag reading science fiction! This lack of physical exercise made me so lethargic that eventually I could hardly even handle the administration, so I started hiring people to help me. The result was that I started losing money and was ultimately forced to borrow tens of thousands of dollars just to stay afloat. Then I met someone who seemed to be the answer to all my problems. He was a natural salesman and could sell lawn-mowing rounds for more than anyone else. He offered to sell off my entire customer base for enough money to clear my debts and give me a fresh start. He kept the first part of the bargain, in that he rapidly and effectively disposed of my customers, but there was a problem with the rest – the \$5,000 cheque he gave me was a dud. He fobbed me off and disappeared. I had no one to blame but myself – true, I had been cheated, but a less lazy person would have run his own business and not handed it over. I learnt to work at the 'grass roots' and not be lazy!

My second biggest mistake was that I had a tendency to buy into new ventures as soon as I had any money in the bank. I once ploughed my profits

into an overly ambitious idea for a holiday resort. I saw it as something that would provide me with an income when my mowing business was no longer profitable, however I had completely failed to work out how much the resort would cost, how investing would affect my cash flow or how much money I needed to keep in reserve. There is nothing wrong with investing profits, but my spending had been mainly for permits and studies, and could not easily be recouped. Also, I knew nothing about holiday resorts, I ignored the business principle of sticking to *what you know*. The project continued to drag on, costs grew and grew with nothing actually being started or built. Soon I recognised that this project was a huge financial drain and I had to dump it. I learnt to stick with the business that I knew and to save my money for more certain investments.

What were some of the challenges you had to overcome on the journey to achieving your personal and business goals?

There have been a number of challenges to both my business and personal goals. The first significant one was the arrival of VIP Home Services. At that time they were the largest mowing franchise in Australia, and almost certainly in the world. They had uniforms and trailers marked with the company logo and they were thoroughly professional. I was so lacking in confidence that I offered to sell all my mowing rounds to them. Fortunately, they refused and in the end I gained an advantage from them because they taught me how franchises could work!

A personal challenge was when my first wife became involved with someone else. I experienced the horror of divorce and began my greatest sadness – not being able to see my children every day as they grew up. I used to battle things out in the Family Court and it was extremely emotionally draining. This took a toll on my business at times, although I had a

“ I was so lacking in confidence that I offered to sell all my mowing rounds to them. ”

huge support network of staff and franchisees to buoy me, which I have always been grateful for.

Why do you say that if you put people before profit everything else will take care of itself?

When you put people before profit, you end up winning anyway. For example, my 'selling by not selling' technique (as mentioned earlier) was tested when a young man who had been to see me rang back for advice. He had been offered another round in the same area and he wanted to know which I thought was better value. I asked him all the relevant questions: the number of clients, how widely scattered they were, the hourly rate and therefore the likely income. Then I did my sums. The other round worked out to be about ten per cent better value than mine. What should I do? I was trying to grow my business but if I advised him fairly I would lose out. Still, it came down to a matter of integrity. I advised him to buy the other business and told him why. He thanked me and hung up. I had missed out on the sale, but I felt good about it. This actually happened three times, and the outcome amazed me and taught me a lesson I will never forget: all three buyers came back and bought from me anyway. Technically, the other businesses may have been better, but I had earned the buyers' trust. In the long run, putting people before profit was helping me to build the largest lawn-mowing business in the world, but at the time I did it purely because it was the right thing to do.

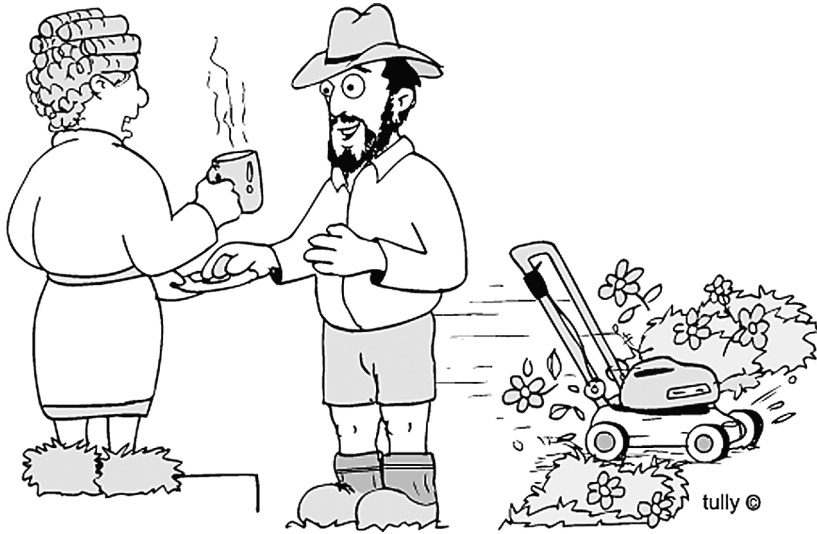
In fact, putting people before profit is intrinsic to the two core principles of my business: putting franchisees first and taking care of clients. I pass this on to my franchisees and it was best demonstrated by one in particular, Ian Lusted. Ian had a regular mowing client who had a messy garden bed at the front, so he dug it over. It only took a few minutes, and he told the client about it, but did not charge her. He also got to talking with a man across the road and offered to quote him on removing some rubbish. Some weeks later, the neighbour called him across to do the job. 'And while you're here,' he said, 'how much to mow my lawns?' He also became a regular. What Ian did not realise at the time was that the two neighbours knew

each other, so the first client had obviously given him a powerful reference. People listen more to their neighbours than they do to the slickest advertising campaign, and this franchisee's genuine concern for the first customer paid off.

Great people are the foundation of any successful business. Looking at profit and cost control is vital, but you do it with the key principles in mind.

What are the most important things you have learnt about succeeding in business?

There are three principles which I consider to be the most important things I have learnt to succeed in business. The first is that service to franchisees should always be above everything else. The second is service to clients, which is something that has always been a passion for me. If you always look to the interests of your customers you are sure to succeed in whatever you do. It is vital that customers like and trust you and that you have enough understanding of them to know what they really want. I strongly recommend that no one ever refuse a cup of coffee or a chance for a brief chat, no matter how busy they might be. They should remember and even note down any personal details offered, such as names of children, forthcoming weddings and so on. The third principle has to do with my own dislike of power hierarchies. I was determined that we maintain a sense of equality, and as the company grew I took steps to make myself even more accessible. In fact, I decided that staying in contact with franchisees was one of my key jobs and I invited any franchisee with a problem to call my mobile number. This same number is given in a personal letter that I send to welcome new arrivals, in newsletters and in audio tapes. My staff know that any franchisee who phones for me is to be put through with the highest possible priority. Emails will usually be answered within a few hours. There is a saying in the Bible that 'Not even a sparrow falls to the ground without God knowing'. I wanted something similar for Jim's, that no franchisee should run into difficulties without us knowing exactly what was going wrong and doing everything possible to help.



What do you think are some of the essential characteristics of a successful entrepreneur?

I think that a successful entrepreneur is not afraid to admit their mistakes, or to listen to others who have better ideas. The foundation of the success of our franchises is that I constantly listen to the advice of my franchisees and our clients. However, I am also determined to never compromise our core values, no matter how tough things get. Also, a successful entrepreneur has a drive and a refusal to give up or to be discouraged.

What advice would you give to someone who would one day like to franchise their own business?

Success in franchising is a balance between two opposing principles: the need to give the best possible service and to do it while charging the lowest

possible fees. In general we aim to keep fees below ten per cent of turnover, which is a lot less than what a retail franchisor gets. Out of this must come advertising, administration, training, personal advice and support, and a host of other functions. The temptation is to rely on franchise sales, which often leads to poor selection and a focus on sales rather than support. In the past few years at least three of our serious competitors have become unstuck for this reason.

Your primary concern should *always* be your franchisees. They are the ones that entrust you with their money and their financial future. The growth of Jim's is determined by our ability to find and keep good franchisees – good people make it easy to find and keep good customers. You must always be intensely aware of any problem your franchisees have with the system.

Now that you and your family are completely financially secure, why do you choose to still drive a 22-year-old car?

I feel uneasy about spending money without very good reason. A new car would give me a lot more uneasiness than pleasure. Why spend money if it doesn't bring any profit to the company and makes me less happy than otherwise? Maybe it is a bugbear of mine, but I believe corporate trimmings do far more harm than good. I recently got to know a young man with enormous drive and energy, good people skills and an excellent business idea. He had launched the business and gained considerable success, but was now foundering in a sea of debt. Ironically, much of it was the result of quite unnecessary spending, including impressive office furniture. Like many others he would have done far better with a mobile phone and a desk in the spare bedroom. I really believe in the importance of frugality and this has proved vital for our finances. I know many people consider me eccentric with my 22-year-old car and basic wardrobe, but my own feeling is uneasiness about the extravagance of my lifestyle. The average Australian, by world standards, has a life of comfortable affluence, and I see no reason to live any better than that.



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LISTED ON THE ASX

Domenic Carosa



DOMENIC CAROSA

“ When it was all over and we finally listed, I felt like the marathon was over, but then I realised that it had only just begun. Now I had to make money for the shareholders! ”

DOMENIC CAROSA

Domenic Carosa was born in Melbourne in 1974. Even as a child, Domenic was fascinated with buying and selling things. He started his first business venture at the age of five, buying and selling postcards at the front of his parents' house. Domenic soon moved on to trading train sets and eventually video games.

In the early nineties, Domenic and his sister Anna formed Sprint (their first business together), selling low-priced game software to a booming youth computer market. By 1996 they had gone on to form destra Corporation, specialising in consumer entertainment and internet business solutions. In May 2000 the company was floated on the Australian Stock Exchange. Today, destra employs 80 people and operates in five countries around the world.

Domenic's formula for success is simple: find a good product that people want to buy, sell it at an affordable price and provide the very best customer service.

When he first started out Domenic was too busy building his business to go to university, but he has since completed a Master of Entrepreneurship and Innovation at the Australian Graduate School of Entrepreneurship. He has been the recipient of a number of young achiever awards and is recognised as one of Australia's leading business entrepreneurs in the internet and digital industry.

It's not only in his business life that Domenic likes to go fast, in his spare time he enjoys horse and car racing, balanced by the occasional yoga class.

What was your first significant business venture and what did you learn from it?

As a child, I was fascinated with buying and selling things. When I was five years old, I was selling postcards out the front of my parents' home in the back streets of Richmond, Victoria. I'd get the postcards from friends and family and would sell them for one cent each or three for two cents. My motivation was to earn money so that I could buy lollies at the local corner store. Even back then, I understood the value of buying well, marking up the price to what the market will tolerate and enjoying the profits. From lollies, I soon moved on to trading train sets and eventually video games.

It was fortunate for me that my parents supported my business ventures right from the start. I think it is very important for parents to let their children 'fall into' the things they want to do. I know some children are pushed into sports or other activities by their parents, sometimes with great success, and sometimes with failure. In my case, my parents were highly supportive of my enthusiasm to make money from this young age as long as I was happy doing it, which of course I was! Looking back now, as the CEO of a public company, I feel that I was on the right path from the very beginning.

Exactly how did *destra* come about, and when did you start to have a real idea about where you were going?

After high school, I enrolled in university but dropped out after just six weeks. The lure of the business world was just too great and I felt deep down inside that it was the right path for me. I had no idea where it would lead, but I was confident with my decision. I understood the value of a good education, however, I felt that I had to 'walk the path less travelled'. I recommend to all entrepreneurs that they go with their 'gut' intuition. It often informs you and gives you better advice than anyone can.

“So when the lease ran out, we moved our whole operation into my parents’ house.”

My younger sister, Anna, was my business partner and confidant; I don't think I could have begun without her. Her entrepreneurial spirit, drive and energy were key factors in my determination to succeed. Anna and I started a small company called Sprint and we bought and sold computer games. We set up our first retail operation in Camberwell, an upper-middle class neighbourhood of

Melbourne. It was so exciting when we employed our first person in 1995 – and what's even more exciting is that this person still works for us today!

Sprint was very successful, but the cost of running the storefront was killing our profitability. So when the lease ran out, we moved our whole operation into my parents' house. It was incredible; my bedroom was turned into the storeroom – imagine walking into a room with racks and racks full of computer game boxes, and somewhere, hidden beneath it all was my bed. This would be the hub of our business for the next six years until we formed destra Corporation.

In the early days, cash flow was 'king'. Our costs were kept low because we were at home and didn't have the rental and other associated overheads. Our retail experience had made us focus on keeping a tight lid on expenses. We understood the need to keep cash flow positive and so we had rigorous financial budgeting and planning. For this reason too, Anna and I did not draw a wage for nearly seven years. If we needed to buy something, like clothes for example, we'd draw a small amount of money to pay for what we needed and that was it. This is the type of sacrifice that you have to make when starting any new business. In the early days, things are always hard, but they definitely get better. Many times, we had to pay the staff using my credit card and we had nearly fifteen people all crammed into a tiny Richmond single-story terrace house! It was truly a sight to see. But it also made us work together as a team – we had to, we were all on top

of each other. I am glad that we started off in such a small, tight-budgeted way because it makes me really appreciate how things are today.

In 1997, Anna and I got the idea of taking our little business public. The stock market was booming with IT companies and their share prices were climbing through the roof, so we thought it was time to act. We successfully applied for a government grant which enabled us to get our company 'investor ready'. This is where it helps to have mentors and good business friends. My mentors were able to introduce me to the right people to start the ball rolling to float Sprint on the Australian Stock Exchange (ASX). Listing your company is no easy task, it takes a lot of time and money, and everything must meet a very high standard because you are dealing with the public's money. In May 2000, three weeks after the dot-com stock market crash, we changed the name of Sprint to destra and finally had it listed.

Today, at the age of 30, as I look back over the past 25 years, I see that destra has evolved as part of my journey through life. destra embodies all of my dreams and allows me to expand my business opportunities and achieve the goals that I set myself.

In the early days you no doubt made a lot of mistakes, what were some of your biggest mistakes and what did you learn from them?

After destra was listed we had approximately \$13 million in the bank after all the float expenses were paid. That was a lot of money, especially when not too long before we were struggling every month to pay the phone and electricity bills. The temptation to spend the money was great. But we had a goal of creating the biggest online music business in Australia – we had the largest independent music website in www.mp3.com.au and now we had the money to make it happen.

With this in mind, we moved to an office location. My first mistake was to spend \$300,000 on a few large outdoor billboards in major capital cities. In hindsight, it was a complete waste of money. At the time, there was a certain amount of ego involved in having our name in lights, but it

did little to generate bottom line sales for us. The lesson I learnt here is to look carefully at where you spend your money, if you can't see a return on your investment, don't do it.

My second major mistake was in the hiring of staff. We employed a lot of people very quickly, and before we knew it, we had nearly 60 people in our office. Sometimes we hired people for the sake of it without really checking their credentials. Our wage bill was hundreds of thousands of dollars per month, every month, with very little cash flow coming in. From this I gained a new mantra which I still follow today: 'Hire slow and fire fast'. The same goes for consultants and advisers. There were a few in the early days that promised us the world, but only delivered a 'road map'. I stuck with them for too long, when I should have moved on sooner.

Was it initially intimidating managing staff, some of whom were twice your age?

In the early days at Sprint, when I was in my twenties, I was flying all over the world buying and selling computer game rights and dealing with men and women two or three times my age. When you are young, you have very little fear, in the back of your mind you think, 'What have I got to lose?' I think that attitude helped me to get over the issue of dealing with people who are older than me.

Age isn't such a big issue for me with my own staff because I choose not to acknowledge it. Instead of calling people 'employees' I call them 'team members'. This is what we are after all, a team of people with a pile of contracts, making money. I represent myself as a 'team member' with the extra title of 'captain' and I and *never* act as a dictator. In this way, I've never elevated myself away from the 'staff'. I want everyone to be able to approach me with their issues and I also want to relate to people on a personal level, so that I know what is going on in each section of my business and am not too far removed if there are any problems. When everyone is a team member, age doesn't make any difference, we are all equal and that's the way I want it to be.

In managing people, I assume that every team member is honest and wants to better themselves and the company. If anyone does anything to ‘corrupt’ other team members with personal agendas or anti-business behaviour, they are fired immediately. Everyone knows that the company will continue to be successful if we *all* pull our weight together and make an equal contribution.

One of the ways I highlight individual achievement is by having a great big gong in the middle of the office. Whenever *any* team member achieves something notable, say a big sale, helping a customer fix a major problem, or completing a task ahead of schedule, they are encouraged to ‘bang the gong’ loudly. Everyone claps and celebrates that person’s achievements and everyone feels great – people also look forward to having their turn at ‘banging the gong’. It creates a wonderful atmosphere with a supportive and united team that everyone loves to be a part of.

Tell us about when you first seriously considered listing destra on the ASX, how old were you and did some people think you were crazy?

I was 23 years old when I first seriously pursued the idea of going public. I remember having one of our trusted team members pull me aside and give me a ‘good talking to’. He was convinced that I was crazy. He said, ‘Here we are operating out of this small house and you are living in the storeroom! Are you crazy? We are going to make big fools of ourselves when people see where we are working from’. I understood what he was saying, but I also instinctively knew that he was wrong.

You do have to look carefully before making the move to go public, things could have turned out very differently for us. We made it to the market with the money in the bank, and then the dot-com

“ Whenever any team member achieves something notable...they are encouraged to ‘bang the gong’ loudly. ”

market crashed worldwide. We were very lucky, but it's more than just luck. I knew that I had the ability to move the company forward without driving it 'off the cliff'. There are no certainties in life, except that you *must* make a decision. I know some of my business colleagues will procrastinate over business decisions, and sometimes waiting turns out to have been the right thing to do, but most of the time procrastination just means missing out on wonderful opportunities. I know this might sound like a cliché, but it's good advice – when the door of opportunity opens, walk through it.

What does it actually mean to list a company, and what effect does that have on the way you do things?

Going public is just another way of raising capital to expand your business. Private investors or venture capital (such as business angels) are another, as is bank or debt financing, but of course that carries with it the risk of losing all that you own and have worked for.

If you do decide to list your company you must be aware that it comes with an overwhelming sense of responsibility. I have around 4,000 individual shareholders, some of whom work for us, and that alone keeps me going 24/7. When you have that many people who rely on you to do a good job, you learn to keep on top of things. All of your business activities are subject to public scrutiny, and it brings great discipline to your business when you realise that you are going to be held accountable for any actions of your company, it means that you double-check everything and are stringent in your work practices.

I personally believe that going public has been the best thing for our business. I can now acquire other businesses by issuing script or shares in our company. And although this may dilute my overall shareholding, the value of my shares increases in value, and that is the pay off.

Once you made up your mind that you were going to list, what process did you have to go through to get the business ready?

For us, the whole process of going public took about fourteen months, which is longer than usual, it generally takes only four or five months. The problem for us was that we had advisers in the early stages who were not delivering what they should have, so we had to get new people which delayed things. This was a very difficult time for me but I learnt a lot. It is very important to have the right people around you, especially consultants. I had to keep the business running as well as have endless meetings with advisers, stockbrokers, underwriters, lawyers, accountants and the list goes on. It was like running a marathon, only I had no idea where the finish line was. I just had to keep running. Many times, I felt like I wanted to stop the process and go back to the way things were. But then, there would be little breakthroughs that kept me going. When it was all over and we finally listed, I felt like the marathon was over, but then I realised that it had only just begun. Now I had to make money for the shareholders!

What do you believe are the advantages and disadvantages of having a company on the ASX?

To me, the advantages and disadvantages are simple. The advantages are:

- access to capital, and
- sharing the wealth with shareholders and our team members.

The disadvantages are:

- you are in the public domain, which is nerve-racking at times, and
- the compliance costs (such as auditors, lawyers, accountants, etc) are high – approximately \$500,000 per year, but they are required by law in Australia.

“...you think you can handle lots of money in your dreams – we’ve all had them”

If you had to list your company all over again, what would you do differently the second time around?

If I had to make the choice of whether or not to go public all over again, my answer would be a resounding yes! The only thing that I would do differently is conserve my cash more than I did the first time. It is a funny thing, you think you can handle lots

of money in your dreams – we’ve all had them, like when we picture ourselves in magazines and on TV as the great entrepreneur. But in real life, it’s another story, and let me tell you, it’s very hard. The pressure and the temptations are great. Everyone is your friend. People you met years ago, some you can’t even remember, want you to help them. Like many other successful business people before me, I had to learn to make decisions using my better judgment.

Today destra has a number of different divisions. Can you briefly explain what they are?

destra basically focuses on two areas:

1. Online consumer entertainment
 - *MP3.com.au* – Australia’s largest independent digital music website.
 - *destraMusic.com* – Australia’s largest digital music network with over 500,000 music tracks for download from leading retailers including *Sanity.com.au*, *Chaosmusic.com*, *JB Hi-Fi*, *Harvey Norman*, *ABC Music* and *Strathfield*.
 - *Musicpoint.com.au* – Musicpoint is a B2B digital music delivery system between global RCS and destra Corporation.
2. Internet business communications
 - *destra Business* – This division services the SME sector through mid-tier to large corporations providing solutions in data connectivity, voice communications, managed and virtual hosting and domain

name services. Currently, destra Business is the second largest virtual hosting company in Australia.

- *TPP Internet* – An established domain registrar in Australia, providing domain registration services to such organisations as NineMSN and Telstra.

Consumer entertainment encompasses our online music business which is going great. destraMusic.com is one of the largest digital music providers, *legally* selling music to customers all over the country.

The business communications arm also has a relationship with Yahoo! whereby our hosting and domain registration services are sold through the Yahoo! Small Business site. Our main aim is to continue to grow the business in a strong, sustainable way as well as become involved in other business ventures.

In your experience, is there a right or wrong time to diversify your business?

I know that there is a wrong time to diversify your business and that is when you are building it. Building your business requires a specific focus. It requires getting your systems in place and making them better. This is the time to test what works and what doesn't and to really fix how the company functions. You need to learn how to improve your customer relations, as well as get your marketing and PR right. Every business has a basic core function; get that right before you march off in new directions.

This leads me to another interesting point. The more successful you are, the more attention you get, and with this new attention comes distractions. I wish I had a dollar for every new business idea or opportunity that comes across my desk – I would have thousands of dollars in the bank! However, you need to learn to say 'no'. That is very hard for an entrepreneur, let me tell you, because we are by nature attracted to new ideas. We can't help it. But, when you are building a new business, a lack of clear focus can be the death of your business.

Since you are already a successful entrepreneur, why did you choose to further your tertiary education?

The Master of Entrepreneurship and Innovation at the Australian Graduate School of Entrepreneurship (Swinburne University) was a terrific opportunity to get some structure into my business life. I have always had a keen focus on sales and business, however, I lacked the theory behind what I was doing, and in my opinion we all need that. Now I have the knowledge to see the bigger picture for our company.

There are so many different ways to approach business and I can see them all now, whereas before, I was limited. There is a saying that 'We're all limited by the knowledge we have'. As another mentor said to me, 'If you know what you don't know, you're okay. But if you don't know what you don't know, you'll be in trouble'. I think knowledge is something you can never have too much of, and that's why I chose to expand mine.

How would you describe your business philosophy or approach to running a company?

It is a funny thing, if you look at the behaviour of the different business leaders around the world that we hear of falling from grace, they all have something in common: they tried to cut corners and had a dishonest business philosophy, with a lack of basic integrity. I know that we are all tempted in our every day lives to 'get away' with little things that make us money but, in the long run, it comes back tenfold.

I believe in karma and my business philosophy reflects this. I have an open and honest philosophy. The truth sometimes hurts, but in the end it will see you through when the going gets tough. This business philosophy is described in destra's vision statement, which says that 'We are focused on building a modern, vibrant and dynamic company with a view to sharing its current and future successes with its growing community of customers, partners, staff and shareholders'. What this means is that although we are

concerned with the successes of the business, we also realise the need to foster the success of our stakeholders as they are the people who make the business work. This comes down to our integrity.

You once got some really good advice on controlling costs. What was it and how has it helped you?

One of my very good business mentors, Brett Blundy (who is the founder and CEO of Sanity Music), said to me that ‘costs are the enemy’ – not your competitors, not your staff, but your costs. The reason for this is that businesses, after all, are set up to make a profit, they can’t survive without it. I have a very clear understanding of all the costs at destra and am constantly looking at ways to minimise costs while maintaining excellent quality. Hence, we are now a profitable company.

Can you explain your responsibilities as CEO and what you do on a daily basis?

As CEO, the ‘buck stops with me’! I am responsible for the entire company, including the team members, stakeholders, shareholders, customers, the industry and everyone else. This is why it is important to hire the right people. I have a great team of talented individuals around me, and therefore, my job is made that much easier. Simply, I make sure the oil is running in the engine.

I think the majority of CEOs share a key characteristic rarely seen in other individuals. They have a great instinct, and I have it in spades. I have these ‘gut feelings’ all of the time – you have to in this job, you don’t find all of the answers in a handbook or in a degree. You have to find many of them in your ‘gut’, and sometimes you

“...‘costs are the enemy’ – not your competitors, not your staff, but your costs.”

might be wrong. I think 99 per cent of the time you'll be right, it's just the one per cent we fear.

The hardest part of my job is firing people. No matter how much you do it, it still remains the most difficult thing to do. Since I am very much a 'people person', letting someone go is difficult and often emotionally draining, but you have to keep in mind that you need to do it for the success of the entire company. If you think like that, you know in your heart that it is what needs to be done and you feel much better for it.

From day one you have worked closely with your sister Anna. How important has that relationship been to destra's success? And are there any special considerations to be aware of when having family involved with the business?

Anna was the co-founder of destra and is still a major shareholder. She brought a lot of drive, vision and ideas to destra in the early days, which helped us to achieve the success we enjoy today. The best thing is that she is very different to me. She is an entrepreneur, but she has her own style. This is good because she brought a different energy to the table and we were able to feed off each other.

I think that it is important to separate family from work and I was fortunate that Anna and I have always had this relationship, we don't bring our work home (although that was very difficult when we lived at our place of work!) and we manage to keep our love and friendship separate from work. Anna has kept me going and she was a great confidant. It is important to have someone with whom you can share your thoughts, fears and ideas. I don't have a wife or serious girlfriend, so Anna played a very special role in my life as far as that was concerned, and I love her.

She now has her own individual dreams and is creating her own fashion company. As much as she was a great help in the beginning, I am glad that



Domenic and Anna Carosa, founders of destra Corporation.

we were able to separate and continue following our individual dreams. I am always here for her for constant support and advice and I know that it is vice versa. So watch this space and follow Anna's career with interest.

What are some of your top tips for becoming a great entrepreneur?

If you want to run a business you need to give it 150 per cent or there's no point in doing it. I believe that there are two areas of advice that you need to become a great entrepreneur – these relate to *how to do* things and *how to avoid* the traps that entrepreneurs can sometimes fall into.

My tips for how to become a great entrepreneur are:

1. Be passionate about your business.
2. Give your business 150 per cent of your time.
3. Determination, passion and persistence are vital.

4. Remain focused at all times.
5. Networking is the key to making your business strong.
6. Employ the best people.
7. Have faith in yourself and trust your instincts.

The traps that many start-up entrepreneurs are in danger of falling into are:

1. Losing sight of the bigger picture.
2. Not employing the right staff.
3. Not being able to grow as a person.

We understand that you do a lot of reading. Why do you do this and what do you read?

To help me with my gut instinct, I need to give it 'fuel'. My fuel is non-fiction books and business internet sites. I read and read and read. I mentioned before that learning is something that never stops. Many times I will make a decision by drawing on something similar that I have read about which might have happened in another company, in another country many years ago. Someone once said to me that there is nothing new in life, just different days. The answers to all life's questions are out there in the universe. Keep reading and never say that you know everything.

Although it's difficult for me to pinpoint my favourite books, if I were to choose my top five, they would be:

1. *The E-Myth* by Michael Gerber
2. *Double Your Profits in Six Months or Less* by Bob Fifer
3. *How to Become CEO* by Jeffrey J. Fox
4. *How to Become a Great Boss* by Jeffrey J. Fox
5. *Daily Reflections for Highly Effective People* by Steven Covey

Do you believe you have had to make a lot of sacrifices to get to where you are today?

Sometimes I think about what have I missed out on in life, or should I say 'sacrificed' to be where I am today, but I have realised that sacrifice is a part of life. We all have to do it. I would have loved to do the backpacking thing when I was around nineteen or twenty, that would have been great. I also can't deny that my social life has suffered. But, when I weigh it all up, I feel fantastic. As the great Sinatra would say, 'I did it my way!' To answer the question another way, I have spent the last 25 years of my life in business and I have enjoyed it every day. When I walk into the office, I still pinch myself – it is all there because of my sister and me.

What do you estimate that your combined companies are worth today and do you believe businesses get easier to run the bigger they become?

destra is currently a \$15 million company. Considering that we started off in the back streets of Richmond, cramped into a tiny house, that is a pretty good achievement. However, I have to admit that when we were small and crammed into that terrace house, decisions got made and carried out within two minutes flat! When you are bigger you have more bureaucracy. Sometimes that makes a big difference and you have a lot more to consider.

Being in the position where you are now able to retire, why do you choose to go to work every day and continue to run the business?

When I wake up every day and go into the office, I am not going to work. I am going to a place where I love doing what I do. The money helps to pay for 'things', but that is all they are, just 'things'. I will never retire. When I don't love the work, I will move onto something else. I have thought about this for some time, and think that I will probably get involved in something to do with charity work. Giving back to the community that has given my family and me so much has enormous attraction. And it's all good karma to me!

JUST ADD CREATIVITY

Simon Reynolds.



SIIMON REYNOLDS

“ When I say, ‘Volvo’, you think ‘safety’, when I say, ‘Mercedes’ you think ‘status’. If you can own a word and a space in the consumers’ minds, that’s when you know you are at your best. ”

SIIMON REYNOLDS

Siimon Reynolds was born in Sydney in 1964. Having started his first business at ten years of age, at seventeen Siimon read a book titled *Think and Grow Rich* which had a significant impact on this life.

Siimon developed a passion for advertising and through sheer persistence landed a job at a major agency in his early twenties. Over the following decade Siimon was awarded almost every major prize for advertising creativity in the world, including the Gold Lion at Cannes, the Gold Pencil at the New York One Show and the Grand Prize at the London International Advertising Festival. In Australia he won Newspaper Ad of the Year, TV Commercial of the Year, Magazine Ad of the Year and Advertising Agency of The Year (twice). Siimon was also awarded the International Advertising Association Scholarship and NSW Young Achiever of the Year.

As one of the most well-known and respected names in advertising, Siimon is now creative director of Love, an advertising, PR and brand building company and is one of the founders of the Photon Group, a consortium of eighteen marketing companies, which recently listed on the Australian Stock Exchange. Siimon's agencies operate in four countries, employ more than 500 full-time staff and is valued at \$180 million.

Siimon is also a sought-after speaker on marketing and success principles, and is regularly featured in Australian and international media. Additionally, Siimon is the author of a number of best-selling books, including *When They Zig You Zag* and most recently, *Better Than Chocolate*.

Siimon lives in Sydney's Double Bay and makes time in his life each day to meditate and read.

When did you first discover that you had entrepreneurial flair?

I remember when I was ten years old buying some lollies from the local sweet shop, setting up a stall outside our local church and selling them for a ridiculous mark-up. It was an exciting experience and a tax-free profit!

At the age of seventeen you read a book that changed your life. What was it and why did it have such a profound impact on you?

Yes, when I was seventeen I read my first personal development book, it was *Think and Grow Rich* by Napoleon Hill. It was the first book that convinced me that I could not only become successful, but that there was a proven system for doing so. It's all about the science of getting rich – not just in a financial sense but in every area of life. Napoleon Hill was introduced by 'the Bill Gates of his era', Andrew Carnegie, to all the great achievers in America. He then spent the next twenty years or so identifying their driving philosophies, which he put into the book. Over the years I have applied many of the principles of this book to my life, and it continues to inspire me intensely to this day. This book has not only had a profound impact upon me, there are a lot of millionaires who by their own admission owe their success to this book.

Why did you choose to get into advertising?

I first became interested in advertising when I wasn't even allowed to watch TV. My mum once mentioned that she thought I'd be good at advertising, so on the off chance, I asked to be allowed to watch *Bewitched* because the lead character, Darren, was in advertising. Each afternoon I was allowed to watch this one program as a type of 'career development'. At the age of fourteen, I did my first work experience at an ad agency where I found that the creative department was having the most fun. I hated school and I didn't want to study at university, but I did want to make money, so I

“...while he liked my work, he said that unfortunately I was too young.”

figured my choices were down to stock-broking, real estate or advertising. I chose advertising because it looked like the most fun.

We hear there is a story about how you got your first job as a creative director, can you tell us about it?

It was quite funny really, there were no jobs on offer, I just decided that I was going to become the creative director of an ad agency! I had been in the business for less than three years and at that time the average age of a creative director was 30 to 40. I looked in the directory of advertising agencies, rang the first one on the list and gave them this great spiel about becoming their creative director – they promptly rejected me.

After several phone calls and rejections, I eventually rang a man named Gary Murphy at an agency called Grey Advertising. I asked to come and see him and he agreed. He asked me what I wanted, so I summoned my courage and said, ‘Mr Murphy, I want to be your creative director’. I took out my portfolio, my TV reel and my press reel and while he liked my work, he said that unfortunately I was too young. I could have left it at that, but I didn’t have a lot to lose so I said, ‘My Murphy, I have read a report that says within the next two years agencies like yours will lose up to a third of their business to other creative agencies. I will make you more creative than your current creative director, I’ll work harder than your current creative director, I will be cheaper than your current creative director and I’ll be better than your current creative director – you *have* to make me your creative director!’ He looked at me and asked, ‘Do you really think you can do all that?’ Of course I said yes. The next day he called me and said that I had the job. As a result of that, I did the ‘Grim Reaper’ ads as well as many other commercials which established me in the business.

There were two things that really helped me to get the job. The first was having the bravado to call and to ask. A great friend of mine, one of the



founders of Seek.com, Matt Rodman, has a great motto in life: 'just ask'. So the first thing I learnt was to have the bravado to ask. The second thing was to never give up. Throughout that first meeting I kept getting *no*, but instead of retreating, I pushed past it, and it ended with success. I learnt that at the end of three 'no's, there is often a 'yes'.

What were some of the challenges you had to overcome on the journey to achieving your personal and business goals?

I have never been good with numbers, so I really needed assistance with the financial aspects of running a business, I've improved over the years, but I still rely on the experts regularly. I was also pretty primitive in my advertising strategic thinking when I first started and I've improved that mainly by reading books.

My greatest challenge has been long-term commitment to major goals, I have chopped and changed too much. My biggest mistake so far has been selling out of businesses too soon because of a lack of faith and commitment to long-term goals. In retrospect, with several businesses I would have been better off sticking with them and riding their momentum.

Another challenge was that after a couple of hugely successful years as young advertising star, I was suddenly sacked from my job. After that, no one offered me a decent job, I guess their assumption was that I must have deserved getting fired. After a couple of months of soul searching, I decided to either work in the USA or start my own agency here, it was the most difficult decision of my life but I chose the latter.

For anyone wondering what to do in life, I'd advise them to just choose something they like and stick with it wholeheartedly. The only wrong decision in career choice is *not making a choice*.

What was your first significant business venture and what did you learn from it?

I co-founded my first ad agency, Omon, when I was 23. Basically I wasn't getting any decent job offers so I decided to hire myself. I learnt many things from this adventure but two in particular stick in my mind. One, you need people to do the things you're not good at. And two, if you choose the wrong partners, business can become pretty stressful. In the four years that I was at Omon I managed to do pretty well though, we won 'Agency of the Year' twice!

What is 'marketing' and what are some of the most valuable lessons you have learnt about succeeding at it?

My definition of 'marketing' is putting your product or service in its best light so that it persuades others to investigate and hopefully buy it. I think that marketing is basically a replacement for door-to-door selling. If we could all afford to knock on everyone's door and put forward the best case for our product then we would because one-on-one conversation is pretty hard to beat. But because this is not possible, we come up with marketing that will, at the end of the day, be a replacement for what we would have said if we were having a chat.

To succeed at marketing there are a number of steps you need to take, I believe these are some of the most valuable lessons I have learnt.

The first is that you can gain a great knowledge about marketing through books. There is an excellent series called the *Guerrilla Marketing* series of books, in particular *The Guerrilla Marketing Handbook*. There are also a number of marketing classics such as Jay Abraham's *Getting Everything You*

Can Out of All You've Got, and *Permission Marketing* by Seth Godin, which is all about creating relationships with your customers instead of just trying to sell to them. Just by reading these books you'll know more than virtually anyone in advertising.

Above all, you need to work on the overall proposition. What do you stand for? What is your Unique Selling Proposition (USP)? This is about trying to find a niche, something unique that you can say about your product. If you can find your USP, *and own it*, it's a very special thing. The ESP is the Emotional Selling Proposition, a good example of this is the Virgin brand. What is Virgin really all about? Sure, there's a certain element of value to it, but it's really about the emotion that comes from dealing with the rebel – the small guy or the underdog who comes out on top. Another example is when I buy a pair of Nike shoes, I feel like I'm 'just doing it', I'm getting on with my life, I'm participating. In addition to this, you need to become more popular, which is what your Organisational Selling Proposition (OSP) is about. This is about making your organisation congruent with its product and its ESP. What does your organisation stand for and how can you promote that? The classic example of this is The Body Shop. People don't just buy their soap, they buy what The Body Shop stands for – its environmentally-friendly image and Anita Roddick going out to the natives of Peru and actually paying them for their recipe. So, the USP, ESP and OSP are what you start with.

The next step is to try and 'own' just one word that represents something in consumers' minds, for example, when I say, 'Volvo', you think 'safety', when I say, 'Mercedes' you think 'status'. If you can own a word and a space in the consumers' minds, that's when you know you are at your best.

Then it's a matter of developing a brand and diffusing it throughout everything you do, not just your advertising. Everything needs to be congruent with your brand – your business cards, your sales-

“ I wasn't getting any decent job offers so I decided to hire myself. ”

people, how you dress, what your logo looks like, absolutely everything. A good example of a brand not working is when you say that you have the best service, but the reality is that your customers are waiting on hold for ten minutes. FedEx is a good example of a congruent brand and it has become the largest courier brand in the world because of it. If you call FedEx, from anywhere in the world, you will be answered within two rings and often you don't even have to wait for one ring! Now that is an amazing, phenomenal example of service! It's every bit as powerful as an advertisement, if not more. They really want to be who they say they are, and that is what the strongest brands do. Once you have created your brand you must stick with it and have *consistent* branding, you can be flexible within it, but you must hold your key position.

The next step is to experiment by developing a series of advertisements that are consistent with your branding to test what works and what doesn't. At the heart of good marketing is testing and continually refining. You might write a headline that a lot of people respond to, but maybe five times more people would respond to a different one, for example, you can say '50% off' or 'Two for the Price of One', and even though it is exactly the same proposition, I can tell you, one will get more results than the other. Experimentation is a huge part of marketing success, if you don't experiment, how will you know what's really going to work?

How have your marketing skills applied to other areas of your life?

People often think that advertising or marketing is just about products and services, but the reality is that we are always marketing ourselves – whether it's in how we dress, how we behave or the things we say. These all work toward creating a 'brand impression' of ourselves. It's all very well saying, 'I'm just going to be me', but the truth is that people are forming opinions about us all the time, so we might as well be deliberate in the impression we create and help to control what people believe and feel about us.

I think it's a good idea to write down a brand positioning statement about yourself. For example, how do you want to represent yourself while you're at work? What impression do you want to create about the type of person you are? Do you want to appear to be super-organised, the rebel with creative ideas, or the leader? Each of these is a brand positioning. When you decide on your brand positioning, you can develop a way of behaving at work that is consistent with it and that ensures everyone sees you in the way that you would like to be seen.

This isn't about not being genuine or not being yourself. We all have different aspects of ourselves that come to the fore at different times. Creating your own brand positioning for the different areas of your life simply helps you to decide what type of person you want to be, how you want others to perceive you, and to become more like that type of person. When you clearly define your personal brand, you become driven to become that brand.

Tell us about some of the most successful marketing campaigns you've seen.

There are many classic examples of good marketing. One of the best examples today is Virgin. Richard Branson is someone who has cut across many different industries and created successful businesses based on the strength of his brand. He began with a music label and then took the rebellious nature of the Virgin brand and expanded it to take on some of the biggest companies in the world. It was kind of like David slaying Goliath. He looked for industries where the big boys weren't delivering enough, such as airlines and financial services and offered a real value, rebellious alternative. Where Branson has failed is where the big boys were already doing a good job, for example Virgin cola and Virgin railways.

Another successful marketing and branding campaign is Absolut Vodka, it tastes exactly like every other vodka in the world, but more people

“ I then sit in the bath, write out my goals and read about my ‘future self’, or what I aspire to become. ”

choose this brand. With clever, consistent advertising Absolut Vodka has been able to charge more, be sold in millions of bars and become the most preferred vodka in the world – that’s the power of developing a brand.

In Australia, prime examples include Rio underwear, which always has fun ads, so maybe we feel just a little bit more fun ourselves when we wear Rio – in other words, when we buy their product, we

buy their ESP. The Apple computers slogan, ‘think different’, is another good example. As a result of this slogan, which is congruent with the way they think and do business, they have expanded their customer base, maintained loyalty and launched into new high-growth areas, such as with the introduction of the iPod. All of these companies are just marketing, all they’re doing is saying to the world what they would say about their products if they had the opportunity to do it one-on-one.

How have you been able to accelerate your knowledge of business and your understanding of life?

I read books and magazines constantly, and I study the best in any field that I want to become successful in. I probably have more than 800 books on personal and professional achievement and aside from personal experience, these books have been my teachers.

I also have rituals of success which I practice every day, so that I know what the intention of my learning is. I find that knowing *why* you need certain knowledge accelerates your acquisition of it. The first thing I do every morning is meditate and do a prayer. I then sit in the bath, write out my goals and read about my ‘future self’, or what I aspire to become. I also focus on my own ‘brand positioning’ – the way I would like to be seen by

the people in my life. And I think that gratitude is of the utmost importance, so before I go to work I think of a few things I'm grateful for.

This daily ritual makes going to work so much easier. Sometimes we don't feel like going to work and that can affect us for the ten hours that we're there. It's important to be centred so one of the greatest gifts you can develop for yourself is trying to get control of your mind. By doing my morning meditation, I'm trying to guard and cultivate my mind so that it is supporting me and not destroying me.

What do you think are the essential qualities or attributes of a successful entrepreneur?

I believe that confidence is the number one attribute not only for entrepreneurial success, but for life success as well. As the world changes faster and faster, the ability to adapt and respond effectively depends on confidence. Another vital attribute for entrepreneurs is persistence. The truth is that successful people fail more often than unsuccessful people do – the difference is that successful people just don't give up. Entrepreneurs also need to do things differently and to stand out. I was terrible at school but I couldn't stand the thought of twenty years later people saying, 'Well, that guy didn't amount to much, did he?' The last key attribute of successful entrepreneurs is that they create an environment for success. I read a lot of inspiring books, some of my best friends are books! I also try to hang out with inspirational people, and keep my focus on the big picture. We are a result of the dominant thoughts of our minds, as Brian Tracy says, 'We become what we think about most of the time.' By cultivating our thinking, we create our realities.

Why are books so important to you?

You can learn so much from a book. If someone wanted to do a marketing degree, I would say, 'Don't do that, I'll give you ten books on marketing

and you can read them all five times each – at the end you’ll be vastly more educated than you would be after four years at university, and it will have only taken eight weeks!’

One of my favourites at the moment is a book by an Australian, Christopher Golis, titled *Enterprise and Venture Capital*. When it comes to raising money for a business this book tells you exactly how to do it, what the private investors are going to say, what the bankers are going to say, how to structure and write your presentation so that you can get other people to invest in your business.

Books are very, very important in getting ahead, otherwise it is going to take you 50 years. Get advice from people at the top, and read what they have written.

Who are the mentors that have inspired you and what important lessons have you learnt from them?

One of my biggest mentors in the beginning was my brother. He influenced me because he was always so good at everything he did. He was an outstanding runner, an outstanding academic and currently, he is an outstanding lawyer, being the second youngest Queen’s Council in New South Wales. Having someone in my life who exhibited such excellence made me feel a little ordinary but I used it as a motivating force and he inspired me to work harder.

Otherwise, I am inspired by human beings in general. I am in love with the potential of the human being, we are such complex and dynamic creatures and that is a constant source of inspiration to me. When you compare yourself to the potential of the human being, you realise that you haven’t done much compared with what you are capable of, and that continues to motivate me.

How would you describe your style of running a business?

I'm obsessed with productivity and time management. I am very tough with my time and am dedicated to achieving a huge amount in the ten hours that I allocate to work each day. The trick is to balance that efficiency with kindness.

I also try to run the business with creativity in mind. I believe creativity is incredibly important to success. You can only work so hard and most business breakthroughs come from creative thinking, not just hard work. So few people devote even ten minutes per day to idea-generation and this lack of creativity in business is one of the greatest reasons for average performance. I am constantly trying to find inspiration and I encourage my staff to think creatively and spend time just brainstorming ideas.

You are a firm believer in the Pareto Principle or '80/20 principle'. What is it and how can people use it to increase their productivity?

It's a simple theory but profound in application. The 80/20 principle was first introduced to me in a book by Richard Koch. He hypothesises that 20 per cent of what we do gives us 80 per cent of our results – so most of what you do each day doesn't really make much of a difference. This is not just relevant to business, but also to health, relationships and every other area of life. You can see the 80/20 principle being reflected everywhere, for example, 20 per cent of your carpet gets 80 per cent of the wear, 20 per cent of your friends give you 80 per cent of your fun and 20 per cent of what you do at work gives you 80 per cent of your wealth. Throughout the universe you can see this strange system at work, it's the few things that we do well that make all the difference. The challenge is to identify which two or three things we are great at,

“ I'm obsessed with productivity and time management. ”

and concentrate on doing them more often. When applied properly, this one principle can revolutionise anyone's life.

If anyone can succeed in business no matter what their background or circumstances, what do you think holds people back from becoming successful entrepreneurs?

There are three things that hold back most entrepreneurs. The first is that they spend their time working in their business instead of creating a business system that enables the business to work without them. The second thing is that they are not proactively seeking new business every day. Business requires constant innovation, so you must constantly be on the lookout for the new areas of business. The third thing is that they do not deliver a product or service experience that is better than their competition.

If you had to start again with nothing, what would you do?

That's simple, I would find something that I love to do, identify an untapped or poorly serviced market, and work really hard and smart. Finding something that you love to do is really important. It's such a long, hard road and it's so difficult to create and build a great business unless you really enjoy it. One of the classic mistakes people make is getting into a business just because they want to make money.

Perhaps the most important thing that I would do is look for something with a tangible point of difference. Once I did that, I would find something that Warren Buffett (the second richest man in the world) says 'has a moat around it'. That is, a way of protecting it from being taken over by competition. When Buffett bought the Washington Post, he did so because he knew it was almost impossible to set up a rival newspaper, so it had a moat around it.

What's one of the best business deals you've ever done and why did it work so well?

One of my best deals was establishing my current group of companies, Photon Group. I was fortunate to get \$5 million in start-up finance, without putting up a dollar of my own money. I started Photon Group at the height of the dot-com boom when online advertising models were valued at crazy amounts. When it all crashed we quickly turned the group into a standard marketing services conglomerate, with an emphasis on 'below the line' marketing companies.

I think it worked so well because I was able to innovate and respond when the economy was in a downturn, that is an important quality for success in business. It's very important to be flexible enough to respond quickly. I love this need for fast-paced business, it's a cross between a giant game of chess and riding the 'dodgem cars'! I love the way it totally engrosses the mind and keeps you on your toes, I like Helen Keller's quote, 'Life is a daring adventure, or it's nothing' and I think business reflects this.

What advice would you give to an aspiring entrepreneur who wants to get started in a business of their own?

In my opinion, there is a science to achievement. If you really want to achieve something, you must set goals. Aspiring entrepreneurs need to think about their goals and work toward them every day. They should set deadlines for reaching certain milestones and seek out people who are experts in their field, and follow their advice. If you do that with enough dedication and passion, *and* if you keep looking at your results and adjusting them so that you are always on track you will be on the road to success. It's so important to be clear on your goals and the steps required to achieve them. If you're not clear on the steps, then you are running blind and you will find it difficult to move forward.

When you are in the business, it is important to maintain it. These are three simple techniques to increase sales in any business:

1. Try to sell more to current customers rather than search endlessly for new ones.
2. Offer some premium product or service, high in price and value. Often five or ten per cent of your customers will buy it.
3. Stay in contact with customers via phone calls, mail or emails. People like to buy from people they have a relationship with.

What do you see as the major business opportunities over the next ten to twenty years?

I think there is a huge opportunity with the baby boomers – they are the great goldmine demographic of our time. These are the post-World War II babies who are now beginning to reach the age of 50. There was such a huge population explosion with this generation that they have a significant influence on society as they pass through their lives. They are an affluent generation that has invested in superannuation and has no immediate plans for retirement. They don't want to grow old and they behave and dress younger than any generation before them – this is an opportunity for wealth and there are thousands of businesses that can be created to serve this growing market. They are huge consumers of cosmetics so there is an opportunity in the beauty industry. They are quite natural thinkers, so they are open-minded about herbal remedies and there are opportunities in the well-being industry.

Globally, we have an ageing population, we're reaching the point in some countries where there will be more people over 45-50 years than under. This is such a growing market, which is increasingly wealthy and this is where I believe the opportunities of the future will be.

What are some of your personal and business goals for the next five to ten years?

My main goal is to grow as a person; in my personal life I want to devote a lot more time to my friends, and in my business life I want to establish

several cash-rich ventures, so that I don't feel the need to work full-time if I choose not to.

I want Photon Group to have a billion dollar valuation within the next ten years. At the time of writing, we are valued on the Australian Stock Exchange at about \$180 million. We want to expand so that we own a company in every area of marketing – not just any company, but a 'best of breed' company. When we started Photon Group, we sat down with a vision of creating a major marketing group and we have achieved our growth to date by learning how to raise money and how to attract good people who know about the things we don't know about. I see such a huge potential for Photon in the next five years. Inside Photon is a lot of young people, most are in their early to mid 30s, and these guys are hungry. They are full of fire about being great and when you're like that, the odds are in your favour that you are going to achieve something great.



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IT'S ALL ATTITUDE

Justin Herald



JUSTIN HERALD

“ If I don't want to go to work, I don't go to work. Some people might see that and say, 'Well that's alright for you', but it's always been like that with me. From day one I never worked past three o'clock because I wanted to pick my daughter up from school every day. ”

JUSTIN HERALD

Justin Herald was born in Newcastle in 1970. The son of a minister and one of three children, Justin was a below-average student and was even told by an English teacher that he would 'never amount to anything'.

In 1995, at the age of 25 and with just \$50 in his pocket, Justin decided to give starting his own business a go. With no prior experience, he established Attitude Gear® with a range of t-shirts printed with slogans such as, 'In the end it's all a matter of attitude'. The Attitude brand has since been licensed and now appears on a wide range of products selling in more than 3,500 stores throughout the world. Within six years, Justin turned his \$50 investment into a multi-million dollar empire.

The success of Attitude Gear® has enabled him to retire from the running of the business and turn his passion to helping others achieve their business and personal goals. Justin now devotes his efforts to full-time speaking and writing. He has a passion to change people's perception of what it means to be successful. He believes that any of us can 'make it' in life, the only thing that stands in our way is our own 'stinking thinking'.

Justin released his first business/motivational book in April 2003 and within three weeks *Would you like Attitude with that?* was a best-seller. His much-anticipated sequel, *What are you waiting for?*, was released in May 2004 to an overwhelming response. Justin has also released a DVD to accompany his motivational CDs which are well received in the corporate arena.

Justin lives with his wife and two daughters in Sydney's Castle Hill. In his downtime, he loves playing golf and watching TV with his kids.

What do you remember most about your childhood?

What I remember most is Sharlene, Dean and I being told by our parents that we could achieve anything that we wanted. Nothing would ever be too hard for us from our parents' point of view. I didn't do too well at school and I remember my father saying to me that he didn't care if I was going to be a doctor or a garbage man, what was important was that I become the best doctor or garbage man that I could be. So we grew up with a belief that it didn't matter what we did, as long as we did it to the very best of our abilities. I think that's why all of us have achieved a level of excellence in what we are doing today.

My mum and dad were really good parents, we didn't have any money but we had a lot of fun growing up. My father made up funny things like 'Super Saturdays' where one of us would draw a piece of paper out of a hat and whatever was on it was what we would do for the day, whether it was going to the beach, on a train ride or whatever. They were very family-oriented.

When it comes to success people think that they need to pass on money to their kids, but I think what's more valuable is knowledge and values such as the ones that I grew up with, which is what I'm going to pass on to my children.

Attitude Clothing – What is it, how did it come about and how did it grow and develop?

Attitude came about because a lady told me that I had an 'attitude problem' – the only reason I started my business was to upset her! I had no idea about how to run a business – I hadn't done any courses or read any books – nothing! I had \$50 (which I borrowed) and that \$50 turned into \$100, which turned into \$200, which turned into \$400 and up it went.

“ I’m naturally a very trusting person, but now I can smell a con-artist a mile away. ”

Attitude started as t-shirts with different slogans on them and then basically became an internationally licensed brand seen on cars, underwear, skateboards – 180 different products in fact. I licensed Attitude in 2001 and in 2003 I moved off the brand and into speaking and writing books.

Some of the t-shirt slogans were ‘Winners make it happen, losers let it happen’, ‘When I want your opinion, I’ll give it to you’, ‘Let’s work as a team and do it my way’, ‘A positive anything is better than a negative nothing’ and ‘It must really suck being you’. I have done about 400 slogans all up.

What are some of the most valuable lessons you’ve learnt through your experience with Attitude?

I’ve learnt a lot about people in general. I went into business fairly green and I expected people to be honourable and full of integrity – the same way that I was raised. So I got a bit of a shock when that wasn’t the case, but I’ve learnt a lot from my mistakes. In certain situations it’s very easy for people to become just like the people they despise. I think it’s easier to become unethical than it is to become ethical. Some people seem to think that lying and cheating are the best ways to get to where they want to be in life, but there’s no longevity in that.

While some people sit back and look at my experiences and my journey and say, ‘Man, it was so quick for him’, it wasn’t really that quick if you were the one living it. I had to work two part-time jobs for two and a half years at the start, but I’m not begrudging that. It was fairly hard work but I’m glad I pushed through and that it ended up working.

We've heard that you called up surf shops before your product was even out there just to create a bit of a buzz, is that true?

It's very difficult with clothing because there are so many brands out there. Retailers kept telling me that they needed people to ask for it before they would stock it, which for me is the classic 'chicken-and-egg' scenario. How are people going to ask for it if they don't even know that it's there?

To create demand for a product is a very difficult thing, so I did it the best way I knew how – I got my mates to ring this one shop over a four-week period. There's no right or wrong way to grow a business, it's just got to be done. In the end, if you're doing it the hardest possible way, but you're enjoying it and getting results, then keep doing it that way. I don't want to work hard and I don't like working, but I have to, so I figure I might as well have the most fun that I can. Even today I'll go into bookstores and ask for my own book, if they don't have it I'll say, 'Oh, you have to get that book in, I reckon it's a really good one'. Or I'll go into a bookstore and if they have all my books facing in I'll move them out in front of someone else's book. That's fun for me because I could get in trouble, it's a bit naughty but that's who I am!

What is the biggest mistake you've ever made in business and what did you learn from it?

In my first year I lost \$36,000 to a guy who deliberately ripped everyone off. He's disappeared now but I'll find him one day and we will have words. Some people go, 'Oh it's just \$36,000', but when you start with \$50 and end up \$36,000 behind, you're screwed. I'm naturally a very trusting person, but now I can smell a con-artist a mile away. You've just got to be very careful because a lot of people don't have the same ethics that you do, and you learn to sound that out. If you are an unethical person, then the people that you are going to attract will be exactly the same as you.

What are some of the most important things you've learnt about branding?

Trust is the big one. Big companies spend a fortune on their branding, but forget that it is the customers' trust that they should be aiming for. When it comes to branding, you have to *be* what you *say* you are. I'll give you an example. I went into a service station the other day that currently has an ad on television telling me how friendly they are and how they will go out of their way to help me. Well, I had to wait a full five minutes for the guy behind the counter to get off his personal phone call before he even served me. That company would have spent millions of dollars on that ad, but that one employee has just gone and ruined the brand perception. I even asked him if he had seen his company's new ad – he hadn't. So it's a bit bizarre when some companies try and tell the customer something about what they stand for and what they're all about, but they don't bother to inform their own staff who are the people that are delivering the promise of the brand.

Branding is about more than just putting an ad on television or in the newspaper. It is about the perception that the customer has of your product without even seeing it. So if I say 'such-and-such' about Attitude, people need to have a perception in their heads about what Attitude is all about even if they haven't seen the products. Then we need to live up to their perception. That's where a lot of companies, even big companies, make mistakes. They employ marketing organisations or branding experts that have never run a business and have never owned a brand, and then wonder why they miss the mark. My branding is always going to be aimed at the people who are buying my products and I need to know where they're at.

Why did you choose to use licensing to expand your business?

When the idea of licensing was first presented to me by Philips I thought, 'That's not a bad idea, I wonder why no one else is doing that'. There aren't many companies in Australia that do license, but it's very big in America and Europe. So I thought I'd give it a shot.

When you license you have someone else's money and someone else's backing doing the same products that you'd like to do, and you get paid a royalty for it. So I saw that it was a very easy way to have passive income and get paid a fair amount of money just for coming up with the idea. Also, I'd still retain creative control – still be able to steer the ship but have people who are experts behind me. For example, I wouldn't know what a good skateboard or a bad skateboard is, but the skateboard companies know exactly what's good and bad so I'd rather have their expertise behind the brand, instead of me thinking that I know or trying to figure it out. That's the very simplistic version of licensing. It is a very complex area and a lot of people seem to think that they can just come up with a name and license it, but you have to have runs on the board before people will be interested. The reason that companies like Philips wanted to license my brand was because they wanted to have the market share that I was currently hitting. So basically they were buying my customers.

What does 'passive income' mean to you?

To me, passive income is about being able to earn money without having to do much or anything for it; it's money for something that you did previously and it keeps on coming in. Although I have to say that the day I licensed the brand and I could sit back and do nothing was the day that I got totally bored. So while a lot of people would love to have a passive income, unless you have something else to do it can be quite a daunting prospect. I think some people make the mistake of getting to the point of having a passive income and then stopping. But I always think, what if that stops one day? What happens if Attitude doesn't keep selling as much as it is today? That's why I went and started other stuff. I still get passive income, but that's just the cream on top of the cake for me.

“...passive income is about being able to earn money without having to do much...”

Tell us about your new business venture.

The new brand is called Intimidate. It will include eyewear, watches, cologne, perfumes and a lot of accessories, I love jewellery – my friends call me ‘Bling Bling’. I have a few pairs of sunglasses that go with different outfits, a few watches and a few wedding rings – that’s just the way that I am. With Intimidate I want to hit the market of people that are very image conscious, like I am. The way that I see myself through my clothes and accessories makes me feel good every day and there are a lot of people like that out there. It used to just be women, but now it’s men too. It’s the guys and girls who want to express themselves through the way they look. There are a lot of people out there that are the same as me and have the cash to burn, so I thought, I’ll do that range and not charge them a fortune so they’re getting more bang for their buck. I don’t want to do t-shirts again, there are a million t-shirts out there now, I did that with Attitude and had fun but I’ve decided to go in a totally different direction – somewhere that I’ve never had any experience. I love that because it means I’ve got to learn and I want to prove to myself that I can go to the next level.

With Intimidate I’m going to license the brand right from the start. I’ve already got a few licensees on board and they’ve agreed to have it distributed throughout the world within the first few years. My success this time is based on my past success, I’ve got a foundation now and I’m going to build upon that.

What do you love most about business?

Quite simply it’s freedom. I have been able to do what *I* want to do. If I don’t want to go to work, I don’t go to work. Some people might see that and say, ‘Well that’s alright for you’, but it’s always been like that with me. From day one I never worked past three o’clock because I wanted to pick my daughter up from school every day. My business has to revolve around me, I’m not going to revolve around my business.

The initial start up of any business is a bit difficult, but you still need to be the master of it and you need to control it more than it controls you. I enjoy the freedom and what it's provided for me and my family. I also enjoy being able to go away for a week and not worry about whether I'm going to make any money, which is where the passive income comes into it. Even without that, I have the ability to make sure that my business is funding my lifestyle, which is why I started it. Your business should be the thing that's giving you the lifestyle that you want, as well as whatever it is that made you want to start it in the first place. I don't understand half the stuff my accountants talk about, as far as I'm concerned business is about making money or losing money, so if you're making money it's going alright.

How would you describe your style of doing business?

Easygoing. I don't do business plans, I don't do profit and losses and I don't do budgets, so I don't forecast anything, I don't borrow money and I don't have overdrafts. Even with Intimidate, so far it's only cost me what I needed to get a trademark. I'm not going to go out there and spend a fortune on marketing when I think there are easier ways to do that.

For me it's an 'easy as it goes' approach, taking each day as it comes. If something doesn't work, I haven't made that much of a big financial decision or investment, so I can change my direction pretty quickly. That's why I think small business has got it over big business, because I can change the direction of my company like *that*, whereas big businesses have to go and ask their shareholders for permission. I will never float my companies – I'm in charge, I know what I'm doing and if I screw up then it's my fault. If someone else screws up then you just don't want to be around me when that happens because I'm not a happy camper!

There's still a lot about business that I don't understand. But you don't know what you don't know, so that doesn't really affect me a great deal. My business is just a by-product of me wanting to have a good life. It doesn't

shape me or make me who I am; my kids do, my wife does and so that's why I don't get overly excited over the business. It's just another thing.

If you had to start again with nothing, what would you do?

I'm going to do exactly that with Intimidate. I'm not putting any cash into it, I'm just doing the same sort of stuff I did with Attitude. The basics are missing from a lot of people's business plans these days. They're trying to come up with these funky business plans, or 'way out' marketing plans instead of just getting out there, making a good product, selling it at a decent price, giving people good service and great after-sale service so that they come back again. It's just the simple, basic things. So, I wouldn't do anything differently.

What are some of the tips you can give people about how they can increase their media profile or exposure?

The best advice is to think about why the media would want to do a story on you. The reason they would do a story on me is because I have a story behind the story – the fact that I started with \$50 is what the media like, *what* I started is totally irrelevant to them, it's the whole emotional angle that they want. So they might do a story on who you are, why you started the company and what your product is, but the product itself is of no interest to them. So if you have a story behind your story, I'd be getting that out there.

When it comes to talking to the media, I don't talk about my products that much. They do, but I don't, because the minute I do they start thinking, 'Hang on, he's just after a big product plug here'. I don't want them to think that so I talk about other stuff, I'll talk about people in business these days and I'll go on about other people and then they'll always come back with, 'As Justin has done with Attitude gear...and his t-shirts say this...and this shirt is sold in this place...' And I think that's wonderful.

I use the media as part of my marketing plan. I've never spent a single cent on advertising in nine years and I never will because the media has done it for me. I manipulate the media, in the nicest possible way.

You talk about the importance of people writing down their goals, why is that?

It's like, if you throw someone the keys and say, 'Get in the car and drive me to where I want to go', without telling them where you want to go, they're not going to figure it out. Writing your goals and dreams down is just like having a road map so you at least have a guide. It doesn't mean that you have to stick to it, it just means that you've got some understanding of where you could potentially end up. And it also shows you if you're on track at any point in time so you can sit there and go, 'Hang on, I'm nowhere near where I thought I was going to be', or 'I wanted a nice new car in two years' time and it's now two and a half years and I'm still driving a bomb'. So it just gives you an understanding about where you're going and where you're currently at. Even if you don't look at them again, the fact that you're writing them down at least is making a commitment that minute, that these are things that you would like to do. Whether you do them or not is entirely up to you.

What advice would you give to people who want to get involved in their own business?

Make sure you have a good idea about where you want to go. You've got to have an endpoint – that's where it comes back to your goals. The reason I started my business is because I wanted a nice car. Now, if I hadn't driven a nice car by now after nine years, I would be starting to question whether I was actually doing any good. A lot of people get into business

“ I've never spent a single cent on advertising in nine years and I never will...”

because they want to have a good business and they wonder why they get frustrated. It's because they're stuck to this whole 'business' thing, for me the business is what I do to enable me to have the things that I want, it's not about the business – it's a means to an end.

Your level of passion for your business is also extremely important, and you'll be able to tell how passionate you are about it when things are going bad. So many people throw up their hands and go, 'This is too hard, I'm getting out of here!' That's because they don't have enough passion for it.

What prompted you to move from your business into writing books?

I was contacted by two different publishers in the same week, both asking me to come in to discuss a book deal. I was getting a lot of media at around that time. I knew a little bit about books because my dad has written a fair few of them, so I thought 'I'll just get them to give me a ghostwriter and everything will be sweet'. Both publishers said that they wanted me to write an autobiography and at that stage I was only 31 years old!

I went to Allen and Unwin and said, 'Look, I want to write a book. These two publishers have contacted me and I've seen them both today' – which gave me credibility. The reason I chose Allen and Unwin is because they were the Publisher of the Year, they were at the top of their tree and I wanted to be associated with people who are operating at a level of excellence. I told them about my book idea and that I had never written a book. They said, 'We would love for you to write the book', and I said, 'Cool, can I have a ghostwriter?' They said no. And that's where my little plan came unstuck. I said, 'How am I going to write a book?' And they said, 'Just write the way you've spoken to us'. I told them I'd give it a shot but that I didn't think it'd work. Three weeks later I gave them the completed manuscript, they asked if it was the first chapter and I said, 'No, that's the whole book', they said, 'No one can write a book in three weeks', so I said, 'Alright, can you just have a look and tell me where I'm going wrong and what I need to change'. They came back and said it was perfect. The second book took

me six weeks to write, the third book took me three or four days to write and now I'm working on the fourth. I've got seven books to do all up.

So I fell into writing books but I thoroughly enjoy it because I'm aiming them at people who are just like me, people who don't read books or think that they need to be perfect, because you really don't. I'm going to tell everyone where I screwed up so people read them and think, 'Oh it's not just me, he did it too'. That's why I think my first book was a national best-seller after three weeks – which blew me away – it's now an international best-seller. I sent a copy to my English teacher at school because he told me I would never amount to anything.

It's pretty clear that you're passionate about public and corporate speaking. Why did you choose to move into this area?

Oh I love it! I was asked to go and speak for an organisation, it was a public event with 600 people. First of all I thought that I had nothing to say, to me what I've done with Attitude is just my life. I don't see it as anything spectacular, it was just what I did. So I went and spoke, I didn't prepare anything, I just got up and did what I consider to be like having a chat in the pub!

I've found a niche in the whole speaking side of things because there are not many people out there who have actually done it. There are no secrets to my success as far as I'm concerned – or anyone's success for that matter – so I just get up there and have a chat, make people laugh and tell my story.

With speaking I've finally found something I love. I mean I love the whole Attitude side of things, but with the speaking I get a buzz. I could do it every single minute of every single day. One day I did three speaking engagements in three

“ I sent a copy to my English teacher at school because he told me I would never amount to anything. ”

different states, I was tired but I thoroughly enjoyed it! My biggest crowd so far has been 6,500 people for IDA. I was motivating a huge crowd and I was the centre of attention, I mean, as if you're not going to love that! At the same time, I realise that I have the ability to impact people, so I don't take that lightly – go back nine years and no one wanted to hear anything that I had to say – so I'm not going to screw it up, I take it extremely seriously.

Were you always confident on stage or did you have to improve your speaking ability?

Truly, I don't know if I'm even confident now. I freak out before I get on stage every single time, but I like that because it keeps me grounded. The minute I become cocky and it becomes like just a thing that I do, then I think I will have lost some of the passion for it. The fact that I do freak out keeps me on edge and makes me really question what's about to come out of my mouth. I was at a seminar not long ago and I was the last speaker. Other speakers hate me going last because they know if they say something stupid I'll pick up on it. And if they're stupid enough to say something in public, I will pick up on it in public. This speaker got up on stage before me and said, 'First of all, if you don't earn \$200,000 a year then you're an idiot'. This was a wealth creation seminar and I thought, well if you did earn \$200,000 a year then you probably wouldn't be at this seminar. There were a lot of unemployed people at this event who'd been given free tickets and I was sitting there thinking 'Man, you are doing damage'. So when it was my turn to speak I got up and said, 'Well, first of all, if you are earning \$200,000 a year and you are sitting in this room then you are an idiot because you shouldn't be sitting here. But everyone else who doesn't earn \$200,000 a year, thank you very much for coming and you are not an idiot'. Then I said, 'But you've got to be very careful of people who say that they are earning \$200,000 a year and are still driving a crappy old car!' And I left that one at that.

I want to show people the reality of everything when it comes to success. It's not about the amount of money you have, it's about whether every area

of your life has a level of success. For example, are you a successful father? The money is the last thing. If you give an idiot \$100,000 all you've got is an idiot with \$100,000. Same as if you give someone who is very successful \$100,000 – all you've got is a successful person with \$100,000. The money doesn't change anything. A lot of people who attend these wealth creation seminars are actually thinking that the money is going to change their lives. I drive a nicer car and live in a nicer house than I did before I started Attitude but that would be about the only difference. I'm still the same type of person that I was back then. There's a bigger safety net around me now, but that doesn't make me better than anybody else regardless of whether they've just started a business or just gone into bankruptcy – I'm no better than them. I think that people need to understand that, hear it and be shown it by speakers who are willing to put everything on the line.

You can make great money being a speaker. I make great money but I would do it for nothing. That's where you find out how passionate people are about things, in whether they would do it for free, which I would. Not that I'll ever go and tell people that.



Justin in the zone during one of his presentations.

“ I’m all into spoiling my kids! I want to give my kids the things that I never had. ”

that’s going to change their life, that’s up to the person listening, they’re the one who does the changing, not me.

I talk a lot about focus. I’m just about to do a seminar in Melbourne entitled *The Five Senses of an Entrepreneur* in which I’ll take all the different senses and show how entrepreneurs, real entrepreneurs, do think differently, act differently, smell differently, everything. It’s all from my own personal experience.

The one thing that I want people to leave with is a sense of ‘Well, if he can do it, and has done it, then so can I’. So it’s not about the fact that I’m not like them, it’s that I’m *exactly* like them. If I can leave every single person there with that feeling, then I’ve done my job.

Is there a significant quote or saying by which you live your life?

Well it’s actually my own saying, it’s ‘If nothing changes, nothing changes’. For me, if I want to have different results or if I’m unhappy with the results that I’m getting, I’m not going to get different results unless I change what I’m doing. Change is a big area that I talk about and it’s a big area that I apply within my own life. That’s why I get over talking about Attitude after a while because I don’t want to be one of those people who is still talking about what I did ten or fifteen years ago that was the key to my success. I

What are some of the key messages you hope to get across in your presentations?

I want every single person to leave with a sense of hope, no matter where they are in their life. Whether they have achieved a level of success or are yet to achieve it, I want them to know that they can do it. There’s no *one thing* that I’m going to say

need to change that myself, by making something else happen *now* and going down a new path.

How has being the father of two children changed your perspective on life?

I'm not as selfish as I used to be, you can't be when you have kids. They're the reasons why I do what I do. They're the reasons why I need to be good at what I do, because if I'm not then I'm not going to be making good money and if I don't make good money I can't provide the things that I want to provide. I'm all into spoiling my kids! I want to give my kids the things that I never had. I want to give them experiences and let them travel the world with me. I never had that opportunity.

My kids are the ones who ground me as well. A while back I was on the TV special *Who Wants to be a Millionaire's Millionaire* and it rated really highly. The next morning I was taking my daughter Jade to school (she would have been twelve). As I dropped her off, she got her bag out of the boot and came back around and tapped on the window and said, 'Dad you did really well last night', and I said, 'Thanks, Jade', then she said, 'But just don't get up yourself, alright?' and she walked away.

Jade keeps me grounded. I have a lot of people kissing my rear end – I get 300 emails a day from people who have read my books or seen me speak and even though that's nice, if my kids aren't thinking that I'm going alright, or that I'm a good dad then really all I'm getting out of it is feedback from strangers.

I want a lifetime of good stuff, that's why I do not suffer fools, I'm so focused on what I'm doing. That's the bloke I am and I take that into my business – my heart is on my sleeve and I run my business that way. My family then benefits from that. I think generosity is a huge part of anyone's life (or should be) so I am generous with my money, but I'm always generous with people who don't actually expect that they are going to get anything. That's what

my life is like. That's what my business is like. My kids are the ones who are at the centre of all of that and they keep me grounded big time.

What do you like to do in your spare time?

I just like to hang out with my family and I love playing golf. I can't stand it when people say that they're doing all this for the family but they never see their family. I'm a very private person. I'm quiet, I sit at home and I love watching TV. I don't work at night, never have, not even on my books. I just sit there with my kids and watch TV. It's really quite a boring life being me. If people think I'm party, party, party – I'm not. I'm in bed by nine every night. I'm getting old! You see some celebrities – everyone has this perception of what their life must be and I reckon if you actually sat in their life you'd go 'This is quite boring' because it's only what people see on the one-dimensional side of things. My family has seen me warts and all – they know where I screw up, they know where I've got my biggest weaknesses and I prefer spending time with those people.



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TALENT OVER OBEDIENCE

Joseph Chou



JOSEPH CHOU

“ For me, goals become a non-negotiable commitment. I will keep at it until it is achieved. When you reach the top of the mountain, the view is the same no matter how long it takes to get there, but if you stay at the bottom, you’ll never know what you are missing. ”

JOSEPH CHOU

Joseph Chou was born in Beijing, China, in 1962. After obtaining his BA at the prestigious Peking University he went on to study in the US for one year. Upon returning to China he became a diplomat. Not satisfied with his seemingly glamorous career, Joseph and his wife immigrated to Australia in 1991 with just \$4,000 in their pockets.

Joseph's first job was delivering pizzas for \$7 an hour, but he quickly set up his own business. By 1998 he had owned several businesses, constantly searching for better vehicles to help him realise his aspirations.

Unable to reach his income goal of \$1 million a year on his own, Joseph joined a property marketing company as a marketing manager. Within three years, he helped that company increase its sales by more than 300 per cent, and in the process he became one of the highest paid marketing executives in Australia.

In August 2002, Joseph founded the Sydney arm of a property group. As CEO, Joseph worked closely with his two partners and many talented people, and led the group to achieve close to \$1.5 billion in sales within a few short years.

Today, Joseph is the CEO of Ironfish (the new name of the company he founded in 2002), an integrated property marketing and finance company. He is an astute and avid investor with a very large property portfolio and one of the few wealth educators who 'walks the talk'.

Joseph is highly sought after as a speaker on the topics of business, investment and success. He was a keynote speaker at the 2004 Australia-China Economic Forum and at the 2006 Sydney Property and Investment Expo. He has been featured many times in the press in Australia, New Zealand and China.

Joseph is a strong believer in giving back to society. Over the years he has not only given financial support to many worthwhile causes, but also his valuable time to help people in their pursuit of success.

When did you first travel to Australia and what made you decide to eventually immigrate?

I first travelled to Australia in 1988 as a diplomat. I was really impressed with the natural beauty of Sydney, and the free spirit and easygoing attitude of the Australian people. Both my wife and I loved the beaches and Sydney Harbour. We were renting an apartment near Darling Harbour and I was driving a consulate car, a brand new Mercedes 300E. We dreamed about one day living in this beautiful country, owning our own Mercedes and an apartment in the Waldorf building in Liverpool Street, which at the time was the most impressive-looking apartment building in Sydney. Three years later, in January 1991, we immigrated to Australia and began our exciting journey toward a new and successful life in Sydney.

What were some of the early challenges you faced living in a new country?

When we arrived, Australia was in a deep recession. We had only \$4,000, and apart from speaking some English, I did not have any special skills. Keen to get our first car, we spent \$3,750 to buy a 1977 Sigma. With only \$250 left we could not afford rent so we had to stay with some friends for a while. We found it very difficult to find jobs; with two degrees each we were told that we were over qualified and had no local experience.

My first job was delivering pizzas for \$7 an hour (before tax) plus 6 per cent commission for each delivery. Given that I was new to Australia and did not know my way around well, my colleagues at the pizza shop (mostly college students) would give me small orders and send me on far away deliveries. Only a few months earlier I was a diplomat representing a foreign country, living in a posh city apartment, driving a brand new Mercedes, mingling with celebrities and dignitaries and being called 'Your Excellency'. Now, here I was delivering pizzas and being taken advantage of by some college kids! Fortunately, I clearly understood why I had immigrated to Australia and that the job was only a temporary inconvenience to me, so

“ We didn’t leave our parents and siblings behind in China to have an ordinary life! ”

I maintained my enthusiasm and high spirits all the time. As soon as I could I moved on from delivering pizza. Interestingly though, one year later I went back to that pizza shop in my first brand new BMW, which was a wonderful feeling.

What made you decide to venture into the world of business?

I came to this country with my wife for a specific and definite purpose – to build a very successful and exciting life. We didn’t leave our parents and siblings behind in China to have an ordinary life! When I looked around, the only people that were enjoying the level of success we aspired to were business people. One of the reasons why I left a diplomatic career was that I could see exactly how far I could go in that establishment. In the business world however, an entrepreneur can literally go as far as their dreams take them.

When I enquired with an accountant about whether I should set up a company soon after I had arrived, he told me that if I believed I would make a lot of money, I should set up a company. I thought to myself, of course I will make a lot of money! Although I didn’t know how, where or when, I believed that one day I definitely would. So in July 1991, I set up my first company.

What were some of the most important lessons you learnt in those early days?

Having no capital and no business experience I was unable to start a conventional business, but I wanted to earn \$100,000 in my first year in Australia and I wanted to work for myself. I was prepared to learn and to work hard. I knew very well that one of my strengths was my willingness to work harder than anyone else.

To experience hard work I went to work for a direct sales company going door-to-door selling some inexpensive products made in Asia. That's where I learnt about the notion of the 'numbers game': every 'no' takes you closer to a 'yes'; always knock on the next door because the person behind that door could buy everything from you. I was working with some young tourists and students and was really impressed with their positive attitudes. They would knock on 200 doors a day and make about \$100 a day for themselves.

A couple of weeks later I joined a life insurance company and learnt to sell life insurance. It was the only thing I could find in the Sydney Morning Herald that offered the opportunity to earn \$100,000 with no experience. Because I was a good learner and an extremely hard worker, I became one of the top agents in our division. After two weeks training I sold five policies and my first cheque was for \$5,700! One evening, I met some of those direct sales youngsters again on a city bus. They were still very energetic and positive, but I realised something: no matter how hard they worked, they could only ever make about \$600 per week, whereas I could make thousands of dollars a week or even more! We were all working very hard, but because we worked on different things our results were very different. A few years later, I read in J. Paul Getty's book that it takes the same amount of time and effort to do a big project as it does to do a small one. So now I am always conscious to spend more time on big projects, and less time on small ones.

After achieving a certain amount of business success, why did you decide to enter the property industry as an employee?

It was always my aim to make a million dollars, ever since I came to Australia. By 1998, I had changed businesses a few times (as I was constantly searching for a better vehicle) but my income was stuck at a few hundred thousand dollars. No one I knew could teach me how to fulfil my aim. Then I met an entrepreneur at a property seminar. He was a successful property investor, driving a Bentley, and earning more than a million dollars a year.

I knew that by working with him I would learn how to earn a million dollars too. So in April 1999, I closed down my business and went to work for him selling new property developments to home owners and investors. I did not consider myself an employee but rather an associate. I recall telling him that I would prove that I deserved to be his partner, although he wasn't looking for one at the time, and clearly stated from the beginning that my goal was to earn a million dollars commission a year and more if I could.

None of the salespeople in this company had ever earned a million dollars. I knew I had to be different, and that my financial success depended on the success of the business. I decided that I had to be his best salesperson with excellent results, a positive attitude and I'd continually add-value.

Three years later, when I left the company, I had become a million-dollar sales manager. In fact, my monthly income had become more than \$200,000, and in the same period the sales of his company (through a lot of my own added-value contribution and the efforts of a wonderful sales team) had grown its property sales from \$30-40 million to well over \$115 million.

What did you learn from that experience?

That business owner was a gentleman and someone whom I consider a mentor, I learnt a lot from him. We used to have coffee and lunch together discussing business ideas and dreaming about building an empire. I wanted very much to be his business partner and I knew that I could help him to build that empire. Unfortunately, he wanted control of the business more than he wanted the empire. So I left to build my own.

From that experience I learnt that your business will only grow when your people grow. Regardless of how capable you are, you cannot build a great business by yourself. You need talented people who share your vision. According to *Fortune* magazine's annual list of Most Admired Companies, the very first quality they looked at was a company's ability to attract and retain top people.

I also learnt that I would always favour talent over loyalty. So many companies do the opposite. They prefer people who always say ‘yes’ rather than talented people who can think for themselves.

Some employers put a use-by date on their employees, and sure enough those people do expire. I believe that if I can create a business platform on which talented and ambitious people can earn a great living, learn, grow (in knowledge, income and responsibilities) and be happy, I will be able to retain them. Otherwise, they will go and help other people to build empires, or like me, build their own.

So what actually prompted you to start your own property company?

After three years, I could clearly see the limitation of that company’s vision. As I would not gain the opportunity to be part of the decision-making process, I decided to go out on my own. The day I received the biggest cheque of my career I handed in my resignation.

I wanted to build a company that could be the vehicle for all of my employees to realise their dreams; a company that would market properties that everyone would be truly proud of; a company that would offer value to everyone (vendors, purchasers, salespeople and our staff) – and I knew that if I could look after all these parties, we would have a phenomenally successful company.

Being now in a business that is sometimes hot and cold, what lessons have you learnt about managing cash flow?

In 2003, we sold close to half a billion dollars worth of real estate. My business partner sent me a message: ‘If cash flow is

“ Unfortunately, he wanted control of the business more than he wanted the empire. ”

a company's blood pressure, then we are suffering from high blood pressure!'

Like many young companies, we thought the good days were going to be here forever. We flew all the staff interstate for our Christmas party and gave outrageous incentives (such as luxury cars and gold Rolex watches). When the market slowed down in early 2004, instead of putting money aside for the slower times, we expanded. We opened several new offices, including overseas. We did not reduce our costs, we increased them – several fold! Luckily we were having a lot of settlements during this period otherwise we could have been out of business due to the change in market conditions.

So the lesson here is to plan your cash flow well, always keep some reserve, and keep costs low. I remember a story about Microsoft in the early days. Bill Gates and Paul Allen agreed that they would always keep enough cash in the bank so that they could continue to operate even if no money came in for a year. Today Microsoft has \$35 billion cash in the bank!

As a successful business owner, do you feel a certain responsibility for the people that work in your organisations?

Absolutely! I take this responsibility very seriously. Every day I go to work I am grateful that we have some extremely ethical, talented and ambitious people working in our organisations. I am very keen to help create a working environment in which our people can earn a great living, learn and improve, and feel happy and motivated to come to work.

Ted Waitt, the billionaire founder of the Gateway computer company, once said his people are using his organisation as a vehicle to realise their dreams. I also like our people to use our company as a platform to pursue their career, business and financial goals. I am very impressed with the model created by Macquarie Bank CEO, Allan Moss, which allows entrepreneurs to run a business within a business.

I strongly believe that the best way to grow the business is by growing the people. Therefore, we always encourage reading and learning. We encourage people to set bigger and higher goals. We have built a culture that builds people up rather than putting them down. No office politics are allowed anywhere in our organisations. We encourage teamwork and I ask everyone to treat the business as his or her own.

Who are the role models or mentors that have inspired you and what important lessons have you learnt from them?

Bill Gates, Michael Dell and Sam Walton. Their organisations have all achieved phenomenal success in their industries and provided the world with most valuable products and services. Their success has shown me what is possible in human achievement.

In addition to business, you are also an avid investor. Why is that and what is your personal wealth philosophy?

Based on my own practice and observations, I have found that true financial success revolves around the 'Left hand-Right hand Theory'. Left hand is cash flow; it is active income generated through our physical efforts (a salary, professional fees or business income). Right hand is asset-building; it is our effort to use some of our cash flow, plus borrowings from the bank, to build up an asset column. Once the column is high enough and we are able to produce enough passive cash flow to live on, then we become financially free.

From 1991 to 1998, I focused all my effort on the left hand, working hard to earn more and more income. I was moving from one business to another constantly searching for a better vehicle to make more money. My income was improving every year, but I knew I was not wealthy and I knew that if I stopped working my income would stop. So in 1998, I learnt that in order to become wealthy, I needed to invest in properties. By following

“If you want to commit capital in China, make sure you do plenty of research, planning and preparation.”

the examples of someone wealthy and through constant practice, I invested in seven properties that year.

My personal wealth philosophy is concerned with focusing on the left hand to generate income and expansion, while using some of my income and the bank's money to continue my property acquisitions.

Well-located and well-built properties are long-term investments. All I have to do is accumulate a very large portfolio of quality properties and hold them for a very long time.

Any tips for people who also want to invest in property?

Looking after our own financial future has become a necessity for most of us. Investing is for everyone, not just high-income earners. Property investing is about finding a simple and practical system that works for you. Gain the knowledge and if you do it properly, property investing will be a shortcut to true wealth. There is no perfect time to start investing, just get started.

With China now being such a global powerhouse, what advice can you give to Westerners on conducting business there?

If you want to commit capital in China, make sure you do plenty of research, planning and preparation. Understand their rules and regulations, and have a long-term strategy. You may not make money quickly so you will need a lot of patience.

It is vital to build strong relationships and find a suitable local partner. Many western governments have trade organisations in China to help find local partners and to understand China better.

What advice would you give other immigrants wanting to succeed in their adopted country?

Dreams will come true if you are serious about them. When my friend, Peter, came to Australia in 1985 he did not speak any English. He worked as a labourer in an electric motor company, and later became a supervisor, then a manager. By 1994, he was earning about \$50,000 and driving a company car. Peter's dream was to operate his own business and drive a Mercedes S500. Five years later, when he was almost 50 years old, Peter quit the security of his job and got into his own business despite advice telling him otherwise. Today, he is the founder and managing director of several companies and is driving a Mercedes S600L.

Stay away from negative people and stay true to your dreams. You will be successful if you believe in your dreams and back them up with persistent action.

What is the future vision of your company?

My colleagues and I are embarking on a new and very exciting journey. Having worked in the property industry for over seven years, and having helped build two successful property marketing companies, we want to take our business to greater heights. In the next five years we will focus on building our company into one of the most successful investment conglomerates in Australia, adding value to everyone involved including our clients, suppliers, partners and staff.

Recently, we have changed our business name to Ironfish. 'Iron' representing our desire to provide the solid foundations that will bring long-term success for our clients, and 'fish' meaning good luck and abundance. The combination of 'iron' and 'fish' represents balance and harmony.

We will build Ironfish into one of the best-known brands by offering our clients the best support in the areas of wealth creation, property education, financing and tax minimisation.

What do you love most about business?

Business gives me a sense of freedom. I can choose what industry to be in, what products or services to provide and where to have offices. More importantly, business provides a vehicle for myself and for our people to realise our dreams. Business also creates a great deal of value in our society.

Australia is a free enterprise country. Everyone has the opportunity to start a business and see what they are capable of achieving. I am surprised so many people do not exercise that freedom and start their own businesses.

If anyone can succeed in business regardless of their background or circumstances, what do you think holds people back from becoming successful entrepreneurs?

Many people surround themselves with people who have very average aspirations, or people who have lost their belief in the free enterprise system. Over the years, people have often asked me what is the single most important ingredient for success: it is a burning desire.

Many people have misconceptions about business success. They think you have to have a lot of capital to start a business or that you need to go to business school. People are also fearful of taking risks. I have a friend who came to Australia as a refugee at the age of fifteen. All he had was a pair of shorts and a t-shirt. When I met him in 1998, he was earning around \$60,000. He started a business overseas with a friend, and within one year he lost all the money he had invested. In 2001 the two of them started another business in Australia with only \$2,000 and over the last few years they have built that business into a multimillion-dollar enterprise.

Don't give up when times get hard, persevere with your dreams.

What recommendations would you make to an aspiring entrepreneur who wants to get started in a business of his or her own?

Today, more than ever, is the best time to start your own business because the possibilities are enormous. Look at the two founders of Google, in 1998 they were students at Stanford University. By creating Google, the most user-friendly search engine, they have not only made themselves very wealthy individuals, but have also provided the world with another inspiring success story.

If you want to start a business it's important to find something that you are passionate about. Be definite about what you want to achieve and most importantly, recognise that you cannot run a successful business all on your own, you need to hire the right people who share your vision.

What is the biggest mistake you've ever made in business and what did you learn from it?

We all make mistakes, and I've certainly had my share. The important thing is not to be afraid of making mistakes, but to learn from them.

I've experienced some sharp learning curves, including the mistake of expanding the business too quickly into unknown markets. In 2004, when the Sydney property market began to slow down, instead of tightening costs and concentrating our resources to ride out the market shift, we expanded overseas without sufficient planning or preparation. As a result we lost focus on the local operations, a substantial amount of capital and our employee morale suffered because people became unclear of the company's direction.

“ ...recognise that you cannot run a successful business all on your own, you need to hire the right people... ”

What is the most important thing you have learnt about success in business?

There is no room for complacency! The market is always changing and there are always more competitors coming out. There are always companies that are more successful. Therefore, we have to constantly look at ways to improve the way we conduct our business and the service we provide to clients. We must not take our clients for granted – their needs are changing too. From time to time, we ask our clients the simple question: What do you need?

Is there a significant quote or saying by which you live your life?

Position yourself, begin with the end – When we started in Sydney in October 2002 we had a very definite objective – to become one of the most successful property companies within two years. We attracted some very talented people who shared our vision and as a result our first year sales closed at \$300 million.

Your company is only as good as your people – We have learnt that business cannot achieve real success unless your employees all share the same company goals.

The property industry is a very mature, even saturated market.**What contributes to your company's success?**

A company's success depends on the leader's vision, the quality of its people and its values, rather than the conditions of the market. Remember, there is always room in the market for competition. When our property company started, some well-intended people claimed that it was too late to enter the real estate game as there were already too many players in the industry. Residential real estate in Australia is worth \$270 billion a year – that's almost \$740 million a day. That means on 1 January every year, \$270 billion is up for grabs. It is up to us to decide how much we want.

At the bottom end of any industry there are many players, however, there is plenty of room for the best at the top. If you want to succeed you have to position yourself and aim for the top.

What are some of the qualities you think have been essential for your success?

- A burning desire to achieve.
- A child-like naivety to believe that everything is possible.
- A willingness to work extremely hard.
- Never being satisfied with the status quo.
- A fundamental belief that tomorrow is better than today.
- A genuine humility expressed by hiring people who are more capable than me.
- Never giving up.

Years ago I heard an interesting story about an African tribe whose land suffers from drought. To get rain people in the tribe have to dance, and when they dance it rains. When Western tourists ask the tribal leader about this magical dance he says, 'It's not that when we dance, it rains. It's that we keep dancing until it rains!'

Learn to set goals and never give up. For me, goals become a non-negotiable commitment. I will keep at it until it is achieved. When you reach the top of the mountain, the view is the same no matter how long it takes to get there, but if you stay at the bottom, you'll never know what you are missing.

You have an interesting way to describe business and the role an entrepreneur plays. Can you share that?

Running a business is like conducting a symphony orchestra. The entrepreneur is like the conductor – to put on a great performance the conductor must employ the best musicians and let them play the best symphony pieces.

“If you do not have the best players, you will not put on a great performance...”

The musicians are like the team members of a company and the music score is like the system in a business. If you do not have the best players, you will not put on a great performance even though they may be playing a musical masterpiece. By the same token, if you do not have great music to play, you will not perform well even with the best musicians.

Some entrepreneurs think they are superior to everyone else, and therefore tend to hire people who are obedient and loyal, and/or people who are trustworthy, like family or friends. They are inclined to hire people that will worship them or their perceived success. While these entrepreneurs may experience some success, it will be difficult to sustain.

An entrepreneur who thinks they are the best at everything is just like a conductor who thinks they're the best violinist, the best viola player, the best cellist and the best drummer. Imagine a conductor who writes his own music, plays the first violin, the second violin, the viola, the cello, the trombone, the trumpet, the drum, and conducts all at the same time. What kind of symphony will he come up with? Some business people run their businesses like that.

In 2005, when I was speaking about business in China to a TV audience of millions, an individual from the live studio audience asked me, 'How come I cannot hire good people? How come I am so tired?' I asked him to tell me a little bit about his business. He said, 'The problem with my business is that I am the person who brings in all the revenue. Everybody else spends it. All my people are very obedient. They do whatever I tell them to do...' My advice to him? Fire the obedient people and hire some talented people. Even if they challenge your thinking, you will have a much better business.



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LEADING THE COMPETITION

Tom POTTER



TOM POTTER

“ They served us with an injunction to cease the campaign and tried to sue us for misleading advertising. In the meantime, we created a massive public relations campaign... Eventually, Pizza Hut’s tactics backfired on them and they dropped the case. ”

TOM POTTER

Tom Potter was born in Bendigo, Victoria, in 1963. He left school at fifteen to take up a baking apprenticeship, but found himself without a job at the age of 23.

Despite having only a basic education, no money and no mentor, with the help of his mother, Tom managed to get his first pizza business off the ground in country NSW. With a lot of persistence and some innovative marketing strategies, Tom's business expanded and he opened more stores and later franchised.

Today, Eagle Boys Pizza has over 160 stores Australia-wide and an annual turnover in excess of \$100 million. Operating in the highly competitive fast-food industry, Tom has continued to push the boundaries by introducing drive thru stores and smaller models which now operate in airports and sport stadiums. Additionally, Eagle Boys Pizza has developed the world's first 'two-minute pizza – guaranteed'.

In 1993 Tom was awarded the Australian Financial Review's Young Business Person of the Year and a decade later he was inducted into the Franchise Council of Australia's Hall of Fame.

In addition to running his pizza empire, Tom is a sought-after speaker on business and success, and is an active member of the Young Presidents' Organisation (YPO), an international organisation dedicated to better leadership through education and knowledge exchange.

Tom lives in Brisbane and enjoys sport, bike riding and working behind the counter in his many stores.

When did you and your family first realise that you had an entrepreneurial flair?

I'm not sure if my family ever really realised that I had an entrepreneurial flair, but I certainly got out and started working at a pretty young age. I had my first job when I was eleven years old, it was a paper run; when I was thirteen I started working on fuel bowsers and I began my apprenticeship when I was fifteen. I also used to work in Dad's soft drink factory on the weekends and over the summer, and that's where I found that I really enjoyed the environment of work and watching systems being put into place.

Why did you choose to leave school at the age of fifteen, and how did you come to start Eagle Boys Pizza?

I always knew that I wanted to be either a baker or a chef, and neither of these aspirations required much schooling, so when the opportunity arose to apply for a position, I did and I left school to become a baker. I gained a reasonably good knowledge of the retail baking industry through working as a consultant in the food services and flour milling industries, and I also worked for another pizza company for a short period of time.

Originally, I thought that I would start my own business when I was around 27 or 28 years old, but an opportunity came my way when I was 23, which I felt might not be there in another three or four years, so I made what I thought was a premature start in my own pizza business. I managed to scrounge together \$12,000 in start-up capital, and luckily I also had my mum to support me; she helped guarantee the leases on the first store. As thanks for her support and the respect that she had for my project, I made her a 50 per cent shareholder.

Things just grew from there. I always had the vision that Eagle Boys would expand and become successful, and I foresaw the ability to open up

“...we brought with us a level of marketing that they had never seen before.”

numerous stores throughout regional Australia, but I didn't spend too much time thinking about that in the early days.

In the beginning, what were some of the business skills you were lacking and what did you do about it?

The main skills that I lacked were in the areas of finance and marketing. I decided to remedy this by spending a lot of time with my accountant, asking lots of questions about how profit and loss statements and balance sheets work. When it came to marketing, I neglected this for a little too long, but I eventually went back to college so that I could gain a better understanding of how to market effectively.

It's important that you acknowledge your areas of weakness and work to strengthen them. Even today, I am not the best with my financial reports, but I can at least understand them and ensure that my accountants are doing the right thing. And as mundane as it was for me to return to college, it was very beneficial to the way I marketed my business, and this was reflected in improved results as time went on.

The fast food industry, and the pizza business in particular, has always been highly competitive. What are some of the things that you do to differentiate Eagle Boys from the competition?

The first thing that Eagle Boys did differently was to go into towns where there was little mainstream competition, even though there were independents. By taking a franchise operation into country towns we brought with us a level of marketing that they had never seen before. This was our initial point of difference, which was enough to get attention, but not enough to guarantee success. Over time, what has made us different is our high quality product coupled with excellent franchisees.

We continually strive to find new areas of differentiation. Over the last few years, we have begun a new project, which is our instant service system called Express™. And we have now introduced drive thru services, and smaller models of our stores which can be implemented in airports and sports stadiums. Overall, we are focused on winning ‘the race for space’ – trying to find areas where traditional pizza shops have not yet gone.

Recently you introduced the world’s first ‘guaranteed two-minute carry-out system’. What is it and why has it been so effective in increasing sales?

It’s a simple system using a holding, or slow-bake, process where the customer comes in between 5pm and 8pm and chooses from a special menu for instant pizza. It has clearly been effective in increasing sales because these days people are looking for instant solutions and time-savers in every aspect of their lives.

We introduced the two-minute carry-out system after lots of research and development. I think research is a vital part of every business and is something that every business needs to do if it wants to survive in this constantly innovating environment. For a business like ours, which turns over almost \$100 million, we put a lot of effort into research and development to make good, quantified decisions. They’re not always the big decisions either, it’s the constant, small adjustments to your business that I call the ‘one percent-ers’ that can make a huge difference to your profitability – and if you take your eye off those ‘one percent-ers’ they can also make you a huge loss.

How do you assess your competition?

The food industry is highly competitive and operates on very tight margins, which is why many small players simply get wiped out by the likes of Dominos and Pizza Hut. We spend a lot of time analysing our competitors, and in particular trying to work out what their ‘big picture’ plan is. For example, if we know that a competitor is greed driven, they will prob-

ably be working on a short-term plan, which means they're less likely to reinvest in their business. If they are spreading themselves too thinly geographically, they might not be able to market themselves well. And if they are trying to position themselves as a price driven business, we can adjust our business plan and strategy to compete with them, and ultimately beat them at their own game.

I think that the most important things to know about a competitor is *who* is leading that company and how clever they are. Find out what their weaknesses and strengths are and make a play in those areas.

At what point did you realise that your small pizza business could be franchised and how did you learn to do it?

The main thing that I had to do before determining whether my business could be franchised was to ensure that it was profitable and simple to run. Our business model had basic systems which enabled it to be operated easily, and I felt that it was perfect for a franchise model. Systems are the key to franchising. If you can run your business via a manual, and have everything done in a uniform way throughout every store, then you know that franchising is the next step.

When I began looking at franchising, I quickly realised that I didn't have the knowledge or skills to make it happen, so I hired a franchise consulting company to help me. If you want to know how to build a franchise, go and speak to someone who has successfully franchised. Take them out to lunch and pick their brain, you can gain a fair amount of knowledge from something as simple as that.

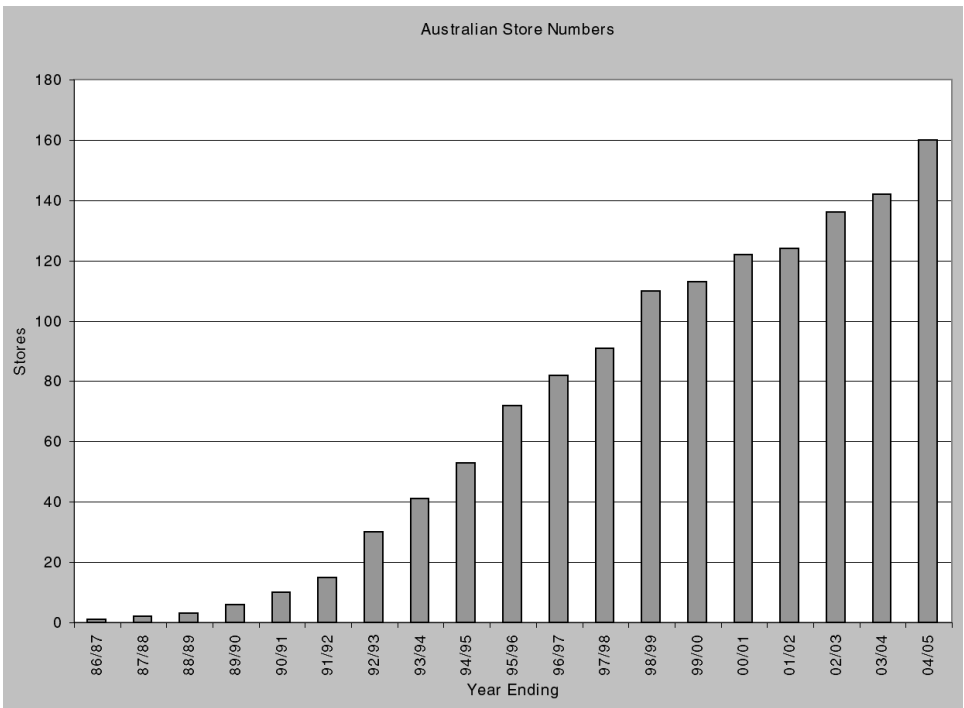
What are the advantages and disadvantages of a franchise model?

I looked carefully at all of the advantages and disadvantages when I was considering whether to franchise or not. The main advantages of a franchise are that it:

- allows you to grow the business faster, using other people's capital
- enables you to expand into geographically difficult or regional areas that you may not have been able to manage yourself.

The main disadvantages of a franchise model are that:

- the franchisees may not respect the business and operate it in the way that you expect
- it can be difficult to rectify or make changes within the business model because you need to retrain all of your franchisees
- franchisees may not do things according to the established system, which means that the processes and product will begin to differ between franchises, which can weaken the brand and may challenge customer expectations.



The rapid growth of the Eagle Boys' empire.

What are the most important things you have learnt about succeeding in business?

I think that one of the most important things I've learnt is to not dwell too much on the mistakes of the past, but to spend a lot of time working out where you want to take the business in the future. Instead of accepting failures and admitting defeat, I've learnt to capitalise on past mistakes, acknowledge them and move on. After all, the more mistakes you make, the more you learn. And when you view your obstacles in this way, you often enjoy the challenge of trying to overcome them.

I believe that success in business is ultimately a mixture of two things: the first is making sure that you have a very clear understanding of the details of your business – you have to understand the nitty-gritty of your business and what the critical pressure points are. And the second is the need to keep your head above the trees, so that you can see and stay focused on the *big picture*. When you have a big picture, you know exactly where you're heading.

It's this balance of detail, with a big picture perspective that ensures a successful plan for a business; knowing where you're going (the big picture) and all the little steps required to get there (the details), is how you achieve any goal within your business and make it work.

What experiences have shown you the importance of keeping an eye both on the big picture and the small details?

The importance of this was proven to me when I made the best deal I have ever made – it was the sale of our New Zealand business. We had a solid business plan, and we stuck to it all the way – and ultimately we made a substantial profit when we sold. This showed me the value of knowing the detail of a plan and following it meticulously.

I have also had experiences that have taught me the value of looking at the big picture in business. In the early days, one of my problems was that

after nine years I was still heavily involved in the day-to-day operations of the business and the stores, which wasn't doing the growth of the business a lot of good. One of the key goals that business owners should have is to be able to leave the business and have it operate just as successfully without you. If your business is too heavily dependent upon you, you will eventually end up feeling trapped by it, rather than getting to enjoy the freedom of being able to decide whether to work or not. If I had taken a step back and looked at the big picture, instead of burdening myself with the daily grind of running my business, I would have been able to get to that stage much more quickly. Nowadays, I like to invest in working smart, rather than just working hard. I still do a lot of things within my business, but I know that I can just as easily spend time by myself outside of the business working on my personal goals and passions.

In 2000 you took on the multi-national Pizza Hut Corporation in court. Tell us what happened.

We decided to run some tactical advertising in Australia during the patriotic climate of the 2000 Olympic Games. Our advertising pointed out that we are an Australian company, which uses Australian products. Pizza Hut is not. These ads became topical and very popular – and Pizza Hut was not impressed. They served us with an injunction to cease the campaign and tried to sue us for misleading advertising. We defended the case in court and the judge disallowed the injunction, telling Pizza Hut that they would have to come up with a much stronger case than what they had presented.

In the meantime, we created a massive public relations campaign with every TV and radio station around Australia – and the public response was phenomenal – it created millions of dollars of free publicity for Eagle Boys! Eventually, Pizza Hut's tactics backfired on them and they dropped the case. Since then, we have produced similar TV ads every couple of years, which are more tongue-in-cheek, but they certainly raise a few eyebrows and keep people aware of Eagle Boys' core values.

“ You must lead your business and your employees with a steely resolve and a cool head. ”

Jack Welch, the famous CEO of G.E. said, ‘If your business is not in Asia, you’re nowhere.’ What do you make of this statement and is this why you are planning to move in that direction?

We now have around 150 stores throughout Queensland, New South Wales, Victoria, Western Australia and the Northern Territory. And we also have a store in Suva, Fiji, which illustrates the potential for the international expansion we are currently working toward. I have a five-year plan to further expand Eagle Boys throughout Australia and to enter the Asian market.

I don’t necessarily agree or disagree with Jack Welch. I believe that your business simply has to be appropriate for the markets it chooses to operate within – in other words, you have to fight the fights you can win. Just because you are in Asia doesn’t mean that your business is going to be successful, and there’s no point trying to break into a market where your product is completely inappropriate just because it has worked for other people.

Have there ever been times when you wanted to give up?

There have never been times when I wanted to *completely* give up, but there have been times when I considered selling the business because I was tired. I realised though that this ‘tiredness’ was just an excuse, what I really needed was not to sell the business but to get my balance right and spend a little more time on myself – and after I did that I was fine.

Over the years, I have made many mistakes, which sometimes made me think for a fleeting moment about throwing in the towel, but within a few minutes I’d snap out of it. I think that this is all part of the learning curve.

What advice would you give to an aspiring entrepreneur who wants to get started in a business of their own?

The number one recommendation that I would make would be to ensure that you have a couple of good coaches or mentors (who have no hidden agendas) helping you. People who have made their own business mistakes in the past, and achieved success, become a great sounding board, and it's always better to learn from someone who has already made mistakes rather than to have to learn through trial and error by doing it all yourself.

You need a certain drive and leadership skills to become a successful entrepreneur. I advise people to keep a clear focus on what their goals are and to face the very tough issues head-on. You must lead your business and your employees with a steely resolve and a cool head. And finally, make sure that you maintain your integrity. I have found that when you put other people's interests before your own, especially in the beginning, people will be more than willing to help you along the way.

There have been times over the years when we have spoken with other companies about acquisition opportunities. And after much discussion, we've decided not to go ahead with these companies because it became clear to us that they were trying to rip us off by selling at hugely inflated prices. As these acquisition opportunities broke down, some of the people involved have become quite abusive. They've laughed at us and told us that we would live to regret the day that we chose to not buy their businesses, and that we would fail miserably. Those companies have slowly but surely collapsed and crumbled. I think this illustrates the importance of maintaining your business integrity. It is *critical* that you establish the key values of your business and that you adhere to them.

Who are the mentors that have inspired you and what important lessons have you learnt from them?

I must say that although I don't have a lot of mentors, there is a guy by the name of Fletcher, in the NSW town of Dubbo, who is one of the most

inspiring and highly respected business people I have ever known. He left school at the age of fourteen and worked as a roustabout on cattle stations. He now owns one of the largest abattoirs in Australia. I once saw him speak at a Chamber of Commerce meeting in Dubbo, and I've also seen him being interviewed on television, he is certainly one of the least well-known entrepreneurs in Australia today. He continues to inspire me and to impact the way I conduct my business every day.

What are your top tips for becoming a successful entrepreneur?

1. Surround yourself with people who will give you unemotional and non-biased feedback.
2. Take plenty of time to write your business plan and research it thoroughly, but know when to stop researching. Don't procrastinate the start-up of the business as so many people do. Have confidence in yourself.
3. Choose the right people to implement the plan. Even if these people are costly, in the long run you will get value for your money.
4. Have enough capital to go through the highs and lows. Always overestimate your costs.
5. Ensure that your business and business plan have a culture of change and a continuous point of difference.
6. Ensure that you can manage your time and spend a large proportion of it working on the business and staying focused on the big picture.
7. Plan your exit strategy.

Aside from your business activities you are now also an accomplished speaker. Was public speaking something you were always good at and do you think it is an essential skill to learn?

While I think that it is useful, I don't think it is necessarily an *essential* skill to learn – there are a lot of CEOs and great businesspeople who aren't

necessarily great speakers. It's probably a skill that I acquired from my mother, who is both outgoing and an exceptional speaker. In the past she was an actress and musician. Speaking was something that I was thrust into after I won the Australian Financial Review's Young Business Person of the Year award. This led to many speaking engagements and I found myself being more and more in demand, both for charitable and professional work. I felt it necessary to go to these speaking engagements and present myself because it was very good public relations for the company.

The single biggest thing that I get out of public speaking is talking to a lot of other CEOs and getting a full brief on them. Before I speak, I learn a lot about my audience's businesses and challenges and this is a great learning process. It also allows me to do a lot of networking, which comes in handy for my business. You might have heard the phrase. 'It's not *what* you know, it's *who* you know'. While success is not completely dependent upon the connections you have made in your business, it sure does help a lot!

Is it true that even today as a multi-millionaire you can still be found in one of your stores taking orders?

Yes, I still work behind the counter as much as I possibly can and because of this we've continued to learn and evolve. Listening to customers as well as franchisees is very beneficial. Overall, one of the most enjoyable parts of the business is getting your hands dirty and being at the 'pointy end', that's how my passion for this work grew in the first place. I also think it is important to acknowledge the employees under the Eagle Boys' brand who do the kind of day-to-day behind the counter work such as washing dishes and taking orders. Without these people, Eagle Boys would not enjoy the success it does today.

“ Without these people, Eagle Boys would not enjoy the success it does today. ”

What do you say to people who think it's too late to get into business and fear they've 'missed the boat'?

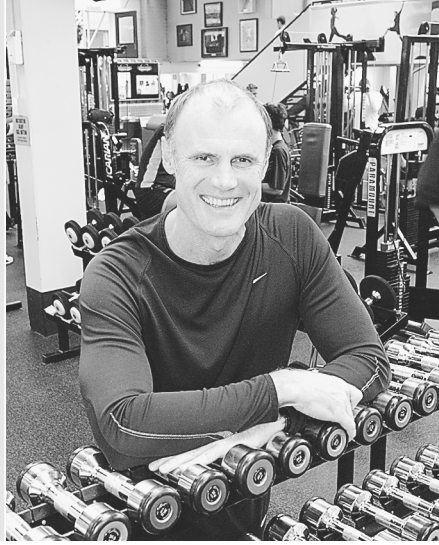
Those who think they have 'missed the boat' need to establish what their skills are and what they're good at – and once they do this, they'll realise that it's not too late. There is always some way to utilise your skills in business, you just have to find it and then find a way to differentiate yourself so that you stand out from the crowd. If you can do this, then you're never too late.

I really believe this is more a reflection of 'I'm too scared'. I don't even think that it would be too late for me to start over again if I had to. If it came down to that, I would choose a retail business that I think there is a solid niche for, and try not to build a business plan that is too big or that would take too long to reach its ultimate goal. I would want to work on something that would give me instant cash flow and gratification, while also allowing me to have a certain quality of life.

How important is it to have a balance between your work and personal life?

Although I find work really important, I know that it is essential to have a balance between the different areas of my life. There is a lot of talk about people having the right balance in life. Some people work twenty hours a day and love it and others work a lot less and don't like it at all – balance is really an individual thing. I think that even more important is health and making sure that you're healthy enough to get the job done properly and to enjoy time off when you have it. I see a lot of stressed-out executives with poor health and poor family lives, and they don't even own their own companies; I always wonder why they are killing themselves for public shareholders? I think a plan based around balance is critical, ultimately the mix should be self and family first, business second and planning for retirement third.

Phillip Mills



PHILLIP MILLS

“ I’m fortunate to be in an industry that is really positive, we see people improving their lives every day and that’s very rewarding. The people who work in the business also tend to be positive, happy people who love what they do and that’s a real pleasure. ”

PHILLIP MILLS

Phillip Mills was born in 1955 in Auckland, New Zealand, into an athletic family. His father, Les, represented New Zealand at four Olympic Games and won a gold medal in discus at the Commonwealth Games. Phillip's mother, his sister and Phillip himself all competed at various Commonwealth Games throughout the 1970s.

Phillip was involved in track and field training from age 15, specialising in hurdles, and was awarded a track scholarship to the University of California in Los Angeles (UCLA) where he graduated in philosophy.

While in the US Phillip developed a keen interest in the business opportunities emerging in the fitness industry with the aerobics boom. Upon returning to New Zealand in 1980 he developed a series of hugely popular exercise-to-music programmes which drove the expansion of the Les Mills fitness business from a one-club operation to an 11-site chain. Phillip also created a franchise arm which licensed the programmes to other New Zealand and Australian gyms.

As the popularity of the programmes grew their potential for international distribution became more apparent and it was decided to test them in offshore markets. A successful launch of BODYPUMP® in Australia confirmed the wider export potential and the process of establishing a network of Les Mills agencies around the world began.

Today, almost 10,000 fitness clubs in 55 countries license one or more of the seven Les Mills programmes, with four million people taking part each week. Les Mills International has stamped a huge 'footprint' on the industry and gained widespread recognition as the world's largest producer of branded fitness classes. The global fitness industry association, IHRSA, has credited Les Mills with 'doing for exercise what McDonald's did for hamburgers'.

Phillip lives in Auckland with his wife and their two children.

How did your twin passions for fitness and business develop and when did you realise that you could put the two together?

My family has always been in the fitness industry and my childhood was centred around playing sport. My father represented New Zealand in shot put and discus at the 1960, 1964, 1968 and 1972 Olympic Games, while my mother was still competing in hurdles well into her sixties. From the time that I was five years old my family's garage was home to the Auckland Weightlifting Association; I remember being fascinated by these huge behemoths lifting gigantic weights. As well as being focused on sport, I was always the kid selling something, running a drink stall by the side of the road, collecting rare comic books or trading stuff with other kids at school.

At the age of fifteen I got into serious track and field training, which consumed my life for the better part of a decade. I won a track scholarship to the University of California in Los Angeles where I studied philosophy. It was there that I developed a particular interest in the business opportunities that were emerging within the fitness industry, particularly the aerobic exercise trends that were gaining huge popularity in the US. I saw instructors filling school halls with early-adopters of the modern fitness boom, and it was then that my business and sports interests combined to spark an idea. I became excited about the different ways that fitness could be taught, combining exercise with entertainment, and this ultimately evolved into my business.

What was your first significant business venture and what did you learn from it?

Although I was keen on sport, my first significant business venture was managing my brother-in-law's rock band during my last year of university. At the time, his band, *Hello Sailor*, was one of New Zealand's best. They came to LA looking for a record contract and I had to learn about

“...they’re looking for the right tempo, the right mood, the right rhythm and that ‘something special’”

the music business quickly. I went to specialist bookstores all over LA (there was no amazon.com back then) and searched for books on the music industry. I also networked like crazy – the old saying, ‘It’s not *what* you know, but *who* you know’ always applies. By doing this, I was able to get the equivalent of many years worth of experience and advice from expert consultants within just a few months. I learnt a lot about creating and promoting experiential events and about

the precision required to successfully market a product such as a song, in a highly competitive market. Probably the most important thing I learnt though was the value of knowing your stuff. The people that are worth knowing are a lot more likely to give you the time of day if you can demonstrate some expertise. Ultimately though, I was keen to get out of the music business because of its unhealthy late-night culture and the opportunity to combine two things that I loved – fitness and entertainment – was irresistible to me. The entertainment industry experience was invaluable for me, and I was able to take a lot of this knowledge into my business with Les Mills International.

For people who don’t attend gym classes, can you describe what Les Mills International does?

We are the world leaders in the fitness class business. In recent years, the gym industry has gravitated toward group exercise as providing the most enjoyable, effective way of getting people fit. A whole new range of activities that were traditionally conducted solo, like biking and weightlifting, have been put into class formats. With music, entertainment and motivation people have found that they can get two or three times as much exercise in a class as they would on their own, and instead of being a grind it’s fun. We employ groups of the world’s best instructors, who turn out new, trialled

and perfected classes every three months. These classes are then taught by 60,000 licensed teachers, in 10,000 gyms around the world.

There are seven Les Mills programs that cover all of the main group fitness genres:

- BODYPUMP – weights (Which we invented in 1990, and is now the world's largest branded fitness class.)
- BODYCOMBAT – martial arts
- BODYBALANCE – mind-body, focusing on exercise such as yoga, Pilates and tai chi.
- BODYSTEP – step
- BODYJAM – dance
- BODYATTACK – cardio
- RPM – cycling

The range is designed to offer something for everyone, because each country has its own preferred form of exercise. For example, BODYBALANCE (a yoga / tai chi / Pilates combination) is most popular in the UK, Germany and the US, possibly because people in these countries are more stressed by their very fast-paced lives and have a greater need to relax. We also have different types of music to cater for the different classes: for BODYPUMP it's more driving with strong bass, for BODYBALANCE it's hypnotic and spiritual and for BODYJAM it's dance music – funk, Latin and hip hop. Our choreographers listen to around 2,000 songs to find just the right selection of music for each class they create – they're looking for the right tempo, the right mood, the right rhythm and that 'something special' that inspires them to create a magic piece of choreography that people will really enjoy exercising to.

Licensing has been a big part of your expansion strategy. How does it work and how did you learn about it?

Our knowledge in this area has developed over 25 years. When we first developed our system of standardised fitness classes in 1980, many Kiwi

gyms wanted to use it and so we franchised the system first in New Zealand and later Australia. We lost focus on that business for several years while we were building our chain of gyms and then in 1990, in my living room at home, we invented the BODYPUMP class and the licensing activity exploded again.

We successfully trialled the BODYPUMP program in New Zealand and over time it became huge for us with club owners from all over the world coming to see this new concept that was attracting up to 200 people per class. A couple of Australians asked us to train their staff to do it and bang! – we were back in the licensing business. Things really took off when a Canberra gym owner named Bill Robertson asked us if he could be our Australian agent; within a year Bill had licensed it into around 150 gyms.

A representative of one of the big American shoe companies saw Bill's people teaching BODYPUMP at a convention and recognised the opportunity to take the program worldwide. They asked us to come over and negotiate with them for a worldwide release, but in the end we decided to do it



A typical BODYPUMP class in Auckland, New Zealand.

ourselves. We built a network of twenty-odd international agents in key fitness markets around the world and we now license our programs to 10,000 clubs in 55 countries.

There was some resistance at first from gym owners to paying licence fees and from instructors who were developing their own classes. However, our argument for quality-assurance was compelling: 'If every actor in the world wrote their own screenplays you'd have a lot of shitty movies'. Many gym owners then agreed to let us be the screenwriters and teach their instructors how to be great actors. Gyms pay our company up to \$1,000 a month to use BODYPUMP, BODYATTACK and BODYCOMBAT, which last year generated about \$45 million in licence fees, and projections for this financial year are around \$60 million.

The global fitness industry association, IHRSA, has a goal of 100 million fitness club members by 2010, which we support. We plan to contribute to the achievement of that goal by growing the number of weekly participants in Les Mills classes to 25,000 by 2015.

With your programs now all around the world how do you ensure that quality is maintained?

Our world-leading fitness instructors create a new version of each of our seven group fitness classes every three months. They perfect each class through exhaustive trials in their own countries and then at Les Mills Auckland. When the class is judged perfect, it's video-taped and despatched with a licensed music CD to the 60,000 accredited Les Mills instructors around the world, who then teach it to the members in their clubs. Instructors also receive training at hundreds of quarterly workshops conducted by approximately 500 national Master Trainers around the world. These

“‘If every actor in the world wrote their own screenplays you'd have a lot of shitty movies’”

Master Trainers also conduct the initial certification training, which is rigorous, and generally regarded as the most advanced in the fitness industry. Through these programs our people learn to become technically expert in the various disciplines, as well as great entertainers and communicators.

This process of developing new classes each quarter enables our choreographers to constantly review the latest music and developments in exercise science, and to ensure that our programs deliver a memorable fitness experience to class participants. We also have a fully detailed Group Fitness Management system, which helps individual clubs to optimise their implementation of our programs and to maximise their profitability.

Big business is a team sport, so how have you attracted the best people to work for you?

If I had to name one single thing that is crucial to business success, it would be recruiting great people. Identifying and recruiting world-class staff for our head office in New Zealand, plus the best agents, trainers and salespeople in each territory, was a major key to our success. We went about it in many different ways:

- We networked like crazy – We went about trying to identify the best recruits via industry associations, trade fairs, trade journals and local contacts.
- We wrote inspiring ads – We recruited via a sales pitch which included a world-class video presentation and written materials showing the success of our products in New Zealand and Australia.
- We've received some good help and advice from recruitment companies.
- We just kept at it – we're still constantly searching for star-players.

As much as we have been successful, this is something that I always wish I were better at – you can never underestimate the value of your people.

As someone who employs hundreds of staff, what are some of the most valuable lessons you've learnt about management and productivity?

I have learnt that in order for people to perform at their peak they must have a passion for our industry and our mission. LMI team members see themselves as part of a vast global family that is improving people's health and fitness everywhere by delivering our classes in fitness clubs throughout the world.

Our operating culture works toward peak performance. We want all of our team to realise their full potential within an environment of mutual respect. All of our people contributed to the creation of our company purpose, which is 'To inspire life-changing fitness experiences, every time, everywhere'. Our staff also defined our spirit as 'No boundaries; freedom to succeed' and they are encouraged to embrace that spirit while celebrating our shared values of being 'world-class, innovative, gutsy, inspirational and honest'.

We also encourage productivity through life-changing staff training. We've designed a training system for instructors that has bred great passion and commitment. In addition to technical training, we added elements of theatre, personal development, motivational psychology, team building and cultural rituals. We've made our team great fun to play on.

Within your own fitness centres, how do you stay in touch with your customers and ensure that they keep coming back?

We do many things to make sure that we stay in touch with customers, such as:

- Personally spending time working out in the clubs and talking to our members.
- Investing heavily in market researchers who find out exactly what our customers want from us and what they think of our products.

Some of the things we do to keep people coming back are:

- *Make new customers feel comfortable* – New members begin with at least two or three sessions with a personal trainer – this makes them feel at home because they have a ‘friend’ at the gym and also ensures that they are properly educated about how to get the best out of the club.
- *Make exercise a great experience* – In addition to having great exercise classes, our clubs are well-equipped, averaging around 100 pieces of cardio equipment, and 100 to 200 pieces of resistance equipment. One of our innovations in the newer Les Mills clubs is the ‘Cardio Cinema’, which is an evolution of the cardio theatre. It’s a cardio equipment room with a single, large cinema screen playing music videos with a loud, pumping sound system. We also have well-developed systems consistent with our focus on ‘exertainment’ (exercise and entertainment) for club design and decor, sales, marketing, personal training, customer service, IT/administration and management.
- *Cater for everyone, even the kids* – We have fully accredited kindergartens in most of our clubs. It’s a big advantage for parents to be able to leave their children in crèche so that they can have some time to exercise, but it’s also becoming increasingly important to get children exercising too. Childhood obesity is increasing dramatically as children spend more time playing computer games and watching TV, and less time playing sport.
- *Keep in touch with our members* – We have a department that deals specifically with member retention. They use many techniques to keep in touch with our members and to make sure they’re getting the most out of their membership.

Who are the mentors that have inspired you and what important lessons have you learnt from them?

Throughout my track and field career I was lucky enough to have contact with some of the world’s top athletics coaches. The late Arthur Lydiard,

history's greatest distance running coach, taught me the power of having a vision. Tom Tellez, my UCLA track coach (who also coached Carl Lewis and many other greats), taught me how to develop perfect technique, how to teach technique to others and how to create a fun team to play on. These guys were also both role models who taught me the importance of really caring about your team members.

Of course, my main mentors have always been my parents. They are both incredibly hard workers who have immense passion and drive. I get a huge amount of encouragement and support from my father, Les Mills, and it is from him and my mother Colleen that I inherited my interest in sport and fitness. They gave me my lifelong passion for exercise and my interest in building a profitable global business in this industry. Finally, I am inspired every day by some of the wonderful people I work with including my wife Dr. Jackie Mills, Les Mills International CEO Jill Tattersall and the many brilliant New Zealand consultants we work with in different fields.

What are the most important things you have learnt about succeeding in business?

Create a huge vision and goals – There are many great management consultants out there who can help you and your senior team with this process. It is essential that you find something that really inspires you personally. It takes years of hard work to turn a vision into reality and in the long term if you don't truly believe in it, you won't be capable of doing it, let alone inspiring others to fight alongside you.

Recruit a team capable of achieving your vision – There was never any truer maxim in business than 'Your people are your greatest asset'. A single great player on your team can win games for you so aim to recruit a whole team of them. The worst

“ The late Arthur Lydiard, history's greatest distance running coach, taught me the power of having a vision. ”

decision you can make in business is a bad hire. To be a true business leader you must become great at hiring.

Constantly up-skill all members of your team, including yourself – I like to have an annual training plan for every member of the team – from the top right down to the grass roots. And not just technical skills, but softer stuff like people skills as well. Managerial staff need to do personal development training to help them to become better listeners and coaches.

Measure everything and constantly share the score – If you clearly communicate the score to your team they'll figure out ways to win. It's amazing how many businesses waste this opportunity to harness the power of their people.

Make it a fun team to play on – If you want to keep the great players then give them heaps of rewards and recognition. One way to do this is through a great staff newsletter in which you constantly communicate the message, the score, team events and so on. Also, give your people physical facilities that they can be proud of and run great social events and celebrations.

In the beginning, what were some of the business skills you were lacking and what did you do about it?

In the beginning, I had no skills whatsoever! At university, I began as an economics major but I quickly became bored with 'the dismal science' and switched to philosophy. This turned out to be an intellectually challenging degree and it taught me to think systematically – something which has probably helped me a great deal in business. From there I did one year of a Masters of Business Administration at Auckland University. This was an incredible, high-powered immersion in business study, but during my second year we decided to take our company public, and regrettably I never completed the degree.

In general, I've always been an obsessive reader of both business and creative texts, there's always a pile of books on my bedside. Whenever I

find something that I think is especially great, I send copies around to the managers in all of our companies. My current favourite is *Execution* by Larry Bossidy and Ram Charan. I believe it's important not only to develop our skills with great business texts such as this, but also to nourish our imaginations and our souls with great creative novels, movies, music and other works of art. I'm a strong believer in personal development and every year or two I put myself (and encourage senior team members to accompany me) on personal development courses, which I believe help me to become a better listener, a better coach and a better person.

What were some of the challenges you had to overcome on the journey to achieving your personal and business goals?

The business hasn't all been plain sailing. We have had many challenges along the way which we've had to battle through in order to make the company the success it is today. In 1987 our public company was taken over by a group of investment companies one month before the share market crash. I bought the gyms back, personally borrowing millions of dollars at a time when the New Zealand and Australian economies were crashing and gyms were going out of business left, right and centre. It took three years of hard work and many sleepless nights to re-establish the business on a steady long-term footing, but we learnt many valuable lessons and developed a lot of efficiencies during that time.

What do you love most about business?

I'm fortunate to be in an industry that is really positive, we see people improving their lives every day and that's very rewarding. The people who work in the business also tend to be positive, happy people who love what they do and that's a real pleasure.

Participation in fitness classes in Australia increased by 300 per cent between 1996 and 2001 and there was a whole new generation of classes invented, or made popular, during that time – kickboxing, yoga, Pilates, cycling and weight-training classes to name a few – it has transformed the

“While it was devastating at the time, it probably made me try harder to succeed in business.”

fitness industry around the world and it has been great to be a part of that. I also get a kick out of some of the stuff we've done in gym design and personal training. Just working with our people, figuring out ways of doing things better every year is incredibly satisfying.

You represented New Zealand in two Commonwealth Games. What did you learn from that experience?

From my athletics experiences, I learnt about training hard and self-reliance. I also gained some motivation in a way I didn't expect. I represented New Zealand in the 400 metre hurdles at the 1974 and 1978 Commonwealth Games, and I qualified half a dozen times for the 1976 Montreal Olympics, but the NZ selectors refused to take me because I was living in the US, attending university at the time. In the long run I think missing out on that Olympic team probably helped me. While it was devastating at the time, it probably made me try harder to succeed in business.

What are some of your personal and business goals for the next five to ten years?

My goals are to significantly improve people's lives by improving their health and fitness and to build one of the world's great fitness brands. I want to do this by expanding in the US, which has presented the most lucrative, but most difficult target market for us to date. LMI has had an agent there since 1998, but so far, only about 1,000 gyms have licensed our programs; this might sound good, but there are over 20,000 gyms in the US.

We constantly review the effectiveness of our global partnerships and explore new alliances with which to take our programs to new markets. Recent examples of new territorial frontiers for Les Mills International are Mexico and Russia.

My goal is to license programs into 25,000 gyms around the world. We will continue expanding our global reach, pushing into new markets and consolidating in others. We'd like to become one of the top five fitness brands worldwide by 2015 – alongside names such as Nike and Adidas. You've got to aim high!

Although I have these plans now, I like to have a major re-evaluation of my goals and our companies' goals every three to five years. I also like to have lots of little plans growing in different departments, as part of a healthy planning and reporting process, and some of these eventually grow into big plans.

What advice would you give to an aspiring entrepreneur who wants to get started in a business of their own?

Read, imagine, take calculated risks and persevere.

I recommend that you do your research. Read the books, attend the conventions and hire expert help in areas where you're lacking experience (such as lawyers, accountants, management consultants, architects, publicists and sales consultants). It's important to continue learning throughout your business life. Also, listen to your customers. LMI maintains an intensive research and development program to ensure that our products are responding to consumer needs and to explore opportunities for new products, both in the NZ gym market and in the international group fitness arena.

What are some of the ways people can go about deciding what type of business to get involved in?

You have to find what you love and follow your passion. There's no point devoting your life to something that doesn't make you want to leap out of bed each morning. I have been fortunate enough to be able to capitalise on my two main passions – fitness and entertainment.

Apart from passion, it helps to respond to a need. Our group fitness system provides a comprehensive solution for a specific segment of the rapidly expanding fitness industry, by responding directly to the needs of fitness clubs to grow and retain their membership in order to build profitability. It also fills a need for the public, who are searching desperately for ways to fight the obesity epidemic.

How health-conscious are you in your daily life and how often do you exercise?

My family is very health-conscious. We have a smoothie most days for breakfast, consisting of flaxseed oil, organic yoghurt, organic milk, organic fruits and berries and several types of organic nuts. I try to get a lot of exercise done throughout the week. I do three weight-training workouts (either BODYPUMP or with a personal trainer), one or two BODYBALANCE classes, an RPM (bike) class, I go on a long walk or jog with my wife Jackie and play a game of tennis every weekend with friends.

What do you see as the major business opportunities over the next ten to twenty years?

The biggest opportunity in business over the next ten to twenty years will be to bring much of the world out of poverty. As the governments of developed nations act on their obligation to remove trade barriers, third world nations will produce more of the world's simple material goods. As this happens, businesses in developed nations will turn more toward the creation of products that improve the quality (as opposed to the quantity) of our lives.

The industry that I work in is one example of this. Going to the gym has become the biggest participant 'sport' in the developed world. As our society starts to battle the obesity epidemic (who could have imagined 50 years ago that obesity would be the number one health scourge of

developed nations in the 21st century?) this trend will continue to boom. The number of people attending gyms in the US has more than doubled over the past ten years, and with it, the number of gyms. Personal trainers (an employment category which didn't even exist ten years ago) now number hundreds of thousands worldwide and we are seeing exciting new technologies and services in our industry develop at breakneck speed.

I also see the healthy food industry being huge in the future, as people come to understand the long-term benefits of eating more quality and less junk and producers get better at making healthy foods taste good.

Finally, it's my personal hope that a huge field of opportunity in the future will be the development of technologies that undo the damage that business has inadvertently done to the environment over the past few hundred years. I believe that this is the biggest problem facing the world today. If we do not begin to deal effectively with environmental sustainability very soon, our economy may no longer exist within as little as 50 years from now.

What is your long-term vision for Les Mills International?

My long-term vision is that it will play a role in reducing obesity and its associated diseases. I went through a lot of self-questioning a long time ago about what I wanted to do and I decided that this is something I can feel morally justified in doing. We are trying to improve the health of the Western world; we're trying to make people healthier and happier. Our plans for the future of LMI are based around a commitment to playing a role in the development of the global fitness industry and in the fight against sedentary lifestyles and the resulting health problems.

Also, as I start planning to retire, I'd like my kids (and my colleagues' kids) to run the business and to love it as much as I do. I want them to continue this vision to promote fitter, healthier people worldwide.

WINING THE EXPORT MARKET

Michael Twelftree



MICHAEL TWELFTREE

“ A few weeks ago in LA, we did dinner and the 36 wines on the table were worth upwards of US\$20,000 in total, but at no stage did we discuss the prices... I'll remember that night for the rest of my life. ”

MICHAEL TWELFTREE

Michael Twelftree was born in Glenelg, South Australia, in 1968 and spent his childhood growing up on the beach at Somerton Park.

While he started his working life in the construction industry, Michael always had a passion for wine and was a keen collector. In 1998, he established his own Australian wine export company and after two years successfully selling other people's wines, Michael and business partner Richard Mintz launched their own wine company, Two Hands Wines.

Richard is a chartered accountant and former CEO of one of Australia's leading cooperages in the Barossa Valley, South Australia. With Michael's contacts and extensive wine knowledge, and Richard's management skills and business acumen, the two friends decided to make some wine together. Their objective was to make the best possible Shiraz-based wines from Australia's prized Shiraz producing regions.

In 2000, the pair started with just seventeen tonnes of fruit and within five years were crushing more than 500 tonnes, employing seventeen staff and turning over \$8 million. Two Hands Wines has received a steady stream of positive reviews, both at home and abroad. In the 2003/2004 Penguin *Good Australian Wine Guide* by Huon Hooke and Ralph Kyte-Powell, Two Hands Wines was voted Best New Producer. More recently, the world's most respected wine critic, Robert Parker, said Two Hands Wines was 'the finest operation south of the equator' and that Michael Twelftree is 'one smart guy' who has built Two Hands into an 'extraordinary success' with 'brilliant offerings'.

Michael lives in Walkerville, South Australia, with his wife and two children (with one more on the way). Even in his spare time, Michael loves tasting and drinking wines and he enjoys golfing, sailing and dining out.

What was your first significant business venture and what did you learn from it?

I realised at an early age that I lived in a capitalist world that offered me the opportunity to reap the benefits of hard work. When I was younger, my friends called me ‘Donald Trump’, because I was a keen sailboarder and I always managed to have the latest gear by making great deals with retailers which didn’t involve a lot of money changing hands!

My first significant business venture didn’t occur until I was 28 years old, when I left my family-run construction business and founded Australian Fine Wine Exporters, a boutique wine export company. I bought and sold wines from less established boutique Australian wineries and travelled the world (at my own expense) holding private dinners and tastings. I had no formal marketing or wine training, but I was obsessed with wine and I had a good palate. I took calculated risks and learnt that to make money you have to spend money. I learnt that I was able to sell wine because I was passionate about it and could confidently promote it. My ability to make and maintain relationships was the foundation of my business, and at the conclusion of each overseas trip I had always sold every bottle of wine in my cellar.

That first venture led me to my current business, Two Hands Wines. It was established when Richard Mintz and I were talking at a party five years ago. At the time Richard was the CEO of a wine cooperage in the Barossa Valley, South Australia. He had a strong foundation in the production of wine and I had a strong international wine sales network. The decision to start a company together was quite easy for us because we had established a level of honesty and respect through being good friends for many years.

“ Released under our Garden Series, these wines are named after our wives and children. ”

In the beginning did you have a detailed business plan, and if so, what was in it?

Yes, we spent three Sundays sitting in Richard's kitchen, nutting everything out. We would put a bottle of Australian Shiraz on the table and say, 'That's what the world wants, how are we going to give it to them?' Richard developed the business plan and it was very detailed, it took into account absolutely every possible scenario.

We called our business Two Hands Wines. The meaning behind it is 'Two', as in me and Richard, and 'Hands', because all of our wines are handmade.

We decided to differentiate Two Hands by specialising in Shiraz, sourced from what we believe are the six strongest Shiraz regions in Australia. We let the regional characteristics shine through and all of our wines are made at a super-premium level. Released under our Garden Series, these wines are named after our wives and children.

In our business plan we also specified six rules that we live by:

1. Quality without compromise – We will always take the quality option when making a decision.
2. Differentiate – We will always seek to differentiate ourselves from our competition.
3. Fun – We will have fun in our business.
4. Luxury – Two Hands is to be seen as a luxury brand.
5. Integrity – We will do what we promise to do.
6. Respect – We will respect each other and our clients.

When you first started out, what were some of the business skills you were lacking and what did you do about it?

My wine palate took years and many bottles of wine to get to where it is now. I have spent a great deal of time and money ensuring that I had the opportunity to access the world's greatest wines. This has assisted my palate and my understanding of wine regions around the world. Although I can barely remember my own phone number, I can remember details about wines, such as the vintage, where I tasted it and what I thought of it.

When Richard and I founded Two Hands Wines, neither of us had the knowledge required to make a great wine, but it was our goal to make the best wines in the world, so we assembled a team that could make it happen. We believe our winemaker, Matt Wenk, is the most talented young winemaker in Australia. He's the captain of our winemaking team and has autonomy in the various winemaking decisions.

Richard and I quickly learnt to surround ourselves with expertise in all areas of our business, and we endeavour to provide our team with a



Friends and business partners, Michael Twelftree and Richard Mintz.

positive working environment so that they prosper. Although it was a difficult lesson for me, I learnt that I could not be an expert in every area of the business, and that it was important to rely on a team of people to ensure that we had the best product.

Leading wine critic Robert Parker said, 'Two Hands is the finest operator south of the equator'. What has it meant to have someone of his calibre make such a comment?

Considering we had never even crushed a grape five years ago, to be referred to as 'the finest operator south of the equator' by Robert (Bob) Parker is an enormous achievement. But on the flip side, we are only as good as our next bottle of wine. Nothing could be worse than having the ball and then dropping it. I am concerned that like a number of wineries that have had early success, one day we might be walking around looking for that jar of magic dust. So although I am proud of the comment, I believe it is important to keep a clear head and to keep working toward improvements.

What are the most important things you have learnt about succeeding in business?

You need to write the screenplay, and then act it out. When we started Two Hands Wines, Richard and I wrote a business plan, and we have edited and changed it over the past five years. We have a strategic planning session every six months to make sure our key objectives are being met and to plan short, medium and long-term goals, which give us a sense of achievement. I believe this process and commitment to the plan also demonstrates strong leadership to our employees. We have learnt to be flexible in our planning. We understand that innovation and change occurs every day and that sometimes the original plan is not always the one to go with. This is also where our strategic planning sessions are valuable, so that we can review our goals and make sure they are in tune with the economic environment.

I believe a huge problem for many companies is that they don't know who they are or where they are going. You wouldn't go hiking without a map and a compass – and I believe structure in a business is very much the same thing.

Another of the most important things we have learnt is to always be open to other opinions. When we started, we took very good advice from our accountant, who specialises in the wine industry. We use our accountant as a sounding board for our decision making on the bigger issues and his advice has been invaluable.

What is the biggest mistake you've ever made in business and what did you learn from it?

In our second vintage, we brought a third partner into the business. Sadly, this didn't work out, but fortunately we were able to move them on with a minimum of fuss and money. From this experience, I learnt that in business three is a crowd. It is important to choose your partners carefully.

The biggest challenge in establishing Two Hands Wines was gathering people around us who believed in our goals and objectives. Richard and I knew the possibilities, but wine purchasers were initially reluctant to support a newcomer. A good example of this was a few years ago when we were looking for some white frontignac grapes to make a Muscat. One of our growers had a patch, but had not pruned it for several years. We agreed that if he cut the vines back, we would take the fruit. In the end, there was a little too much fruit for our Muscat so we also made an Italian-style Moscato. Initially everyone thought we were crazy, but within three years our Moscato production has gone from 50 to 2,400 cases and it is now the most popular selling wine at our cellar door.

“ From this experience, I learnt that in business three is a crowd. ”

Despite all these challenges I would not change anything about the past. It can't be changed anyway, so I don't waste my time pondering it, instead I always focus on the future. I want to be the best that I can be and I want to make every day count.

Have there ever been times when challenges in the business stretched your personal friendship with Richard?

There are always challenges in any relationship. But Two Hands would not have achieved the success that it has if we started out individually, and we both know that we can't do the other's job and therefore we don't try. To have a strong business we must have a very strong and united focus. Richard and I always look at problems from every conceivable angle and history has shown that we usually make very good decisions together.

We even choose to cap our annual production in order to keep the partnership between us; we increase production by fifteen per cent each year and still manage to sell out at the same rate. We could build the business a bit bigger and faster, but we want it to remain a two-family business and we want to be in complete control of every aspect. Many people think that we are putting a lid on our profits and limiting the growth of our business, but we are both control freaks and I think that's why our wines are so good.

We also enjoy each other's company socially and love watching our families grow and evolve together.

What's one of the funniest things that has ever happened to you in your business life?

Two Hands Wines had been running for three weeks when Richard went to his local shops for lunch. He walked past a small wineshop and noticed a wine that had been highly reviewed by a wine writer a few days earlier. He bought the shop's entire pallet of the wine on his credit card and we

on-sold it to people in the USA at a 300 per cent profit – even in the early days we were thinking globally. We paid off Richard’s credit card and used the rest of the money to buy grapes for our first vintage in 2000, which was highly reviewed in the US and it helped us to establish a market and immediate profit. Richard and I both believe that it’s one thing to be in the right place at the right time, but it’s another thing to back yourselves.

What are some of the personal qualities or attributes you and Richard looked for when expanding your team?

We are always looking for honest people. Everyone makes mistakes, but you must build a team that minimises its mistakes and learns from them. Whenever a new employee starts, I always promise them that the good times will outweigh the bad, and that is always the case. We love celebrating our achievements with our staff and there have been many to celebrate. I really like all of our staff individually as people, and I always make time to have a chat.

Walk us through what you do in a typical day in your business.

This is a tough one...okay, here we go. Tomorrow morning I will be in the Barossa Valley and I will taste 100 barrels before late morning. Then I’ll run through a number of vineyards and look at flavour development. I will discuss every vineyard with our winemaker and then meet with my best growers to work out how we are going to handle the vineyards over the next four to six weeks. Then I’ll check out the first batch of fruit going through our new winery and meet with our production manager to organise blending our best wines for bottling next week. The day after tomorrow, I’ll spend the entire day with our winemaker, blending and piecing together our best wines. The bottom line is that for me, no two days are ever the same.

“ Just because you sold something doesn't mean you did a great job of marketing it. ”

What do you love most about business?

I love the sense of achievement, and I love having accomplished all of the goals that we set out to achieve along the way, which includes starting the business. We did it by borrowing \$30,000 against each of our houses and having a crack at building a business that is bigger and stronger than we imagined in our wildest

dreams. I have an enormous sense of achievement when I see a happy customer walk out of our cellar door with a box of wine, knowing that Richard and I bought a run-down, 100-year-old house and within nine months turned it into the best cellar door in the Barossa Valley!

This sense of achievement also extends to our business dealings. One of the best business deals Two Hands Wines has ever done was when we made a wine especially for a wine investment house. They pre-paid us and we went straight out and built a brand new state-of-the-art winery so that we could increase our quality. The wine we made went on to get a 95-point review from leading wine critic, Robert Parker, and all was sweet in the garden.

Who are the mentors that have inspired you and what important lessons have you learnt from them?

My childhood mentor was my father, John Twelftree. He taught me how to build a business from the ground up, including the importance of a positive work ethic and how to structure a company to not only make money, but more importantly, to *keep* money. My father and mother have given me a foundation of knowledge from which I can succeed. I also have the assurance that my parents are behind me 100 per cent, whatever my business ventures, which has helped my confidence and in turn, my ability to succeed.

My business partner, Richard Mintz has also been a great mentor. He taught me about how to properly fund and structure a business, and that selling is not the same as marketing. This is the greatest mistake made by all wineries in Australia, and many other businesses too for that matter; the two are completely separate activities. Just because you sold something doesn't mean you did a great job of marketing it. Understanding this, we concentrate more on marketing, and our wines sell out much more quickly as a result. Richard is a great guy and he has a brilliant ability to sum up a situation, think methodically through a problem and come up with the best long-term solution. We bounce many ideas off each other and he's always open-minded, which is great for me, because I come up with some pretty 'out there' ideas at times. For example, a few months ago, I decided that I wanted to make wine employing traditional Roman techniques, using huge clay pots and burying them underground. I also wanted the label to be a photo of Richard and me, dressed in togas. Richard just laughed and shook his head!



What do you think are some of the essential characteristics of a successful entrepreneur?

I think the most essential characteristic is creativity. I believe that a truly great entrepreneur must have the ability to dream, but their dreams must always be realistic. This might sound like a contradiction – let me explain.

In my eyes, a true entrepreneur will always bring something different to the table and try to make the idea work realistically.

I also think the quality of tolerance is very important, especially when it comes to gender. There are a few too many 'testosterone-led' entrepreneurs, which is bad because it tends to create a 'boys club'. We are in a business environment where more and more women are starting to rise to the top, and I would prefer to be part of a generation where the boys club is non-existent. Class structure in Australia has also changed with the influx of so many other cultures, which contribute enormous wealth to this country. We now have a society that is performance-based, which I feel has not always been the case.

If anyone can succeed in business no matter what their background or circumstances, what do you think holds people back from becoming successful entrepreneurs?

I believe that the biggest thing that holds people back in business is themselves. Many people have great ideas, but not the courage to act out their dreams.

Positive energy with a strong focus is what is needed to achieve what you want. Too many people just give up when the going gets rough. Of course, if you're an emotional guy like me, you are naturally going to have a few highs and a few lows. For me though, giving up has never been an option. I have too much invested and you can't look your kids in the eyes and not perform to the best of your abilities. It also helps that I love what I do. I am known as a 'wine tragic', making a buck in the wine industry. If I had to start again with nothing, I have absolutely no idea what I would do, but I know that I have the skills to always turn something into a dollar. If I had the misfortune of losing everything, not even that could make me give up, not even that could hold me back.

What's it like to be a 'wine tragic'?

Wine has exposed me to an amazing array of people whom I would have never met in any other industry, take Roger Cleveland for example. Roger was the founder of Cleveland Golf Clubs and is now one of the top golf club designers for Callaway Golf. We share a passion for both wine and golf, so whenever I am in LA we play a round at the LA Country Club and share a few special bottles afterwards.

Another thing that I love is when you meet a person who is as into wines as you are, all bets are off. All the best stuff starts coming out of their cellar and corks get pulled at a rapid pace, which to me is great because the dollar value is forgotten and becomes secondary to the appreciation of really fine wines. A few weeks ago in LA, we did a Guigal Cote Rotie Single Vineyard dinner and the 36 wines on the table were worth upwards of US\$20,000 in total, but at no stage did we discuss the prices. We just enjoyed each other's company and the wines. I'll remember that night for the rest of my life.

What advice would you give to an aspiring entrepreneur who wants to get started in a business of their own?

Begin working on funding right from the start. Richard has taught me that if you have your funding right you can achieve almost anything. Then, remember that you are judged by the company you keep, so surround yourself with people that have similar goals to you and from whom you can learn. Next, know that there is a big difference between *confidence* and *arrogance*. Displaying a focused, driven confidence is great, but going around kicking everybody's tyres and talking yourself up can be very damaging. I see it with so many other

“ If I had the misfortune of losing everything, not even that could make me give up...”

winemakers in Australia and what they forget is that internationally we are all kicking toward the same end.

Having said that, if there were three secrets for an aspiring entrepreneur, I would say:

1. Build a business that makes money while you are not there. You can pretty well buy anything you like in the Western world, but you can never buy extra time. The reality of our business is that 70 per cent of our wines are sold in the USA, so most of our sales take place while I am asleep.
2. Work on building strong personal relationships with your clients and peers. No one can sell your products or skills better than you can, so control them at every level. I travel around the world four or five times a year and meet with the leading wine writers in each country, one-on-one. They love hearing the truth from the 'horse's mouth' and it gives me a chance to make my wines much more three-dimensional than just a glass bottle with grape juice in it.
3. Don't fall into the trap of trying to build something extravagant from the beginning. This is a common mistake of first-time business owners. They are too flashy, trying to promote a strong image without the substance to back it up. Start out lean, keep your overheads low and set some short-term goals that you *must* achieve before moving on to the next stage.

What are some of the ways people can go about deciding what type of business to get involved in?

People are best to get into a business that they have a personal interest in, or passion for. In my case, I think about wine pretty much 24/7. In many businesses, profits don't come immediately and they take a while to mature, so if you are involved in doing something that you love, you're more likely to hang in there during the tough times.

There are always new business opportunities, all you have to do is think into the future and work out where the growth is. At the moment, the world's middle classes are the fastest growth sector and there is a lot of segmentation in this class. The biggest segment is the upper-middle class – where there is a huge demand for lifestyle goods. My generation lives so much more for today than my parent's generation, and there will be greater growth in immediate gratification goods, which fits perfectly with wine (provided that you concentrate on building a luxury brand). I lie in bed most mornings thinking about what a wine shop will look like in 2020, and more importantly, which wines will be selling off the shelves.

What are some of your quick tips for becoming a great entrepreneur?

1. Be street-smart and keep your ear to the ground.
2. Become a good listener.
3. Take your wins in your stride, but be humble.
4. Make lifestyle investments.
5. Think outside the square.
6. Play hard but fair.

Is there a significant quote or saying by which you live your life?

There are many quotes that I live by. Some are from close friends and family and others I have made myself. These are a few of my favourites:

'Bulls and bears make money, pigs make shit.' – This quote is from our east coast USA importer's father, Hal Sanders. It inspires me to play the game hard and seriously, or take my bat and ball and go home. I loved this saying so much that I named our Shiraz/Cabernet Sauvignon blend 'The Bull and the Bear' after it.

'Hello costs you nothing.' – At the age of nine I was in the car with my father as we were driving out of a car park, and he spent a considerable amount of time talking with the car park attendant as we paid for our ticket. When

we drove off I asked him why he'd spent so much time talking with the attendant, and he said, 'Hello costs you nothing.' This shows the value of building rapport and how you can do it just by communicating with someone.

'Business is business. Want a friend? Get a dog.' – I love this quote from my business partner, Richard Mintz. He is very good at making the tough decisions in our business and believes that tough decisions are needed if you want to succeed. In other words 'This is business, it is not personal'.

'Profit is not a dirty word.' – This one is from me. I love Australia so much, the climate, the culture, but I will never understand why people here tend to associate money with evil. You hear so many people criticise business-people for their supposed corruptness and their underhanded dealings just to make a buck or two. This is a gross generalisation and something that people need to get over if they want to succeed in life.

'Good things happen to good people.' – This is a quote that I hold dear to me. My friend Anthony Ingerson once said it to me and it made so much sense. It taught me that in order to have success you must be good to those around you.

'Your first loss is your best loss.' – I think this is an important quote in business and again it comes from Hal Sanders. It means that you are not going to win every time and it is important to set yourself up for losses and take them with dignity when they do come. Also, it's best to make a loss when you are first starting out, which is quite common, but make sure you bounce back from it and don't accept it as a failure and give up.

'Leave something in it for the next guy.' – My father taught me that you will be more likely to succeed in business if you leave some margin in the deal for the next guy. When you think about others, you find that your contribution to them always comes back to you in the end anyway.

'Dance or get off the dance floor.' – This one is also mine. What this represents to me is that if you are going to be in the field of action you had

better start working. I would rather someone take action and make a decision, than stand around and think about it.

Apart from business, are there any other asset classes that you invest in and why?

The only other asset class I invest in is my family. I am married to a beautiful woman named Samantha and we have Lily (four years old) and Max (almost two years old) and what's exciting for me is that we are expecting again soon! They are my greatest assets and give me a solid grounding and springboard to live by. At the end of the day the business you create is a hill of beans that could tumble at any time, but a strong, caring, loving family is the greatest asset of all.

What are some of your personal and business goals for the next five to ten years?

Two Hands Wines is always working to increase quality. This might sound bizarre because our wines are currently very strongly reviewed and enjoyed by the wine-buying public. But Richard and I are perfectionists and we want to improve in every area of our business. When we started, we wanted to be just a bit better than everyone else: one per cent better in winemaking, one per cent better in packaging and one per cent better at marketing – so that we would be three per cent ahead of the field. Now we believe we can take it further. We believe that even small wineries must keep pushing the boundaries to keep their wines at the forefront of their customers' minds.

On a personal note, I would like my Burgundy-based house in France, 'Mischief and Mayhem' to be making some money and turning a few heads, while giving me and my family a chance to experience another culture on a yearly basis.

BRAND IT FUN

Tim Pethick



TIM PETHICK

“ Never at any point did I contemplate the possibility that my business might be finished. I stood outside the factory as it was burning down and said to my marketing director, ‘Well, tomorrow we’d better start looking for another factory.’ ”

TIM PETHICK

Tim Pethick was born in 1962, and grew up in Canberra and later the Blue Mountains in NSW.

After dropping out of school early, Tim saw the light and went back as a private study candidate to complete his HSC. Whilst working as a trainee accountant Tim studied part-time and acquired a Bachelor of Commerce degree from the University of NSW, a Masters of Economics from Macquarie University and an MBA from Deakin University. He also found time to qualify as a chartered accountant.

With such a strong marketing and finance background, plus a love for business, over the years that followed Tim worked in several positions such as marketing director of Microsoft Network (msn) Australia, general manager of Village Roadshow, and general management and marketing roles with Lend Lease and Encyclopaedia Britannica (North America, UK and Australia). This led Tim to become CEO of LookSmart Australia, an internet directory company listed on the Australian Stock Exchange.

In 2002, Tim launched nudie to satisfy his craving for fruit. Within a year nudie over 16,000 bottles of nudie fruit juice were being purchased everyday. However, in 2004 disaster struck when nudie's manufacturing plant mysteriously burnt down. After a lot of hard work Tim got nudie back on track and the company more successful than ever.

In 2005 Tim has stepped down as CEO of nudie choosing to remain as a non-executive director. This enabled him to embark on other exciting business projects.

Today, Tim lives in Sydney's inner suburbs with his wife and three small children. When he has extra time on his hands (which isn't very often) Tim enjoys scuba diving and hot air ballooning.

You have several university degrees, so do you think it is essential to have a formal education behind you before going into business?

The short answer is ‘No’! In fact, depending on the type of person you are, it could even make it more difficult for you. A formal education can be a desirable thing for the right people, but it’s not for everyone. It can sometimes be very restrictive for people who think outside the square; these people don’t learn in a conventional way, which is what formal education is all about. For others though, a formal education can foster learning and help to create the foundation for people to decide on their career paths or entrepreneurial ambitions. I’ve found that it all depends on the person; if you aren’t getting any benefits from a formal education, then maybe it’s not worth going through with.

Learning is a lifelong journey, and the way I see it, formal education provides a good foundation for lifelong learning. But it doesn’t provide you with experience. Every single experience that you have in life, whether it’s running an organisation, meeting someone new or seeing something different, provides you with a learning opportunity. Through these experiences you end up becoming the person you are, and figuring out what you can contribute to the world. Thus, it is wise to choose your experiences carefully.

With your experience you could have gone into just about any type of business, why did you choose fruit juice?

I chose fruit juice because I love it. If you are going into business for yourself, it shouldn’t necessarily be just about making money. It’s about creating something and you can’t create something unless you have a passion for it. I cannot emphasise enough how fundamental it is to be dedicated to

“ I probably tried about 270 different names and I was literally tearing my hair out...”

get a payback if you don't have that enjoyment for what you are doing driving you.

Another reason I chose to go into fruit juice was that I was tired of travelling around the world for my work, and I wanted to create a business that would remain in Australia. I also wanted to create a tangible product, rather than dealing in bits and bytes, which is what I used to do when I worked in technology. And I wanted a platform to create a brand in the way that I believe it should be created. We built the nudie brand in such an unconventional way, and you just don't get the opportunity to do that in a conventional organisation. So I guess another reason for choosing the fruit juice business was for the branding experience it offered. It is such a generic product, with not much room for differentiation, so there were a lot of opportunities to create consumer demand and loyalty through a strong brand.

How did you come up with the name 'nudie'?

We were looking for three things when choosing the name:

- something that could be trademarked
- something that had an available web domain
- something that was different and that made a unique statement about the product.

what you are doing; you have to choose something that you really like or enjoy.

I had a conversation once with a guy who owned a very successful automotive business. It was an incredibly profitable business which this guy had bought and built, but he sold it because he didn't have any particular passion for, or interest in, the automotive industry. It is very difficult to sustain a level of activity and

I probably tried about 270 different names and I was literally tearing my hair out when the advertising agency that I was with suggested 'nudie'. nudie denotes nakedness, as in 'nothing but fruit', among other things. I thought the name was marketable and an ideal Australian approach to naming and branding my product, because it's down-to-earth and has a laidback style.

It was also important that the trademark and domain name were available, because protecting intellectual property (IP) is fundamentally important in business. There's no point creating IP if you can't protect it. I've been able to protect my brand from being stolen and used by someone else – which not only protects my profits, but also the brand itself from being diluted or even corrupted. It's good to know that you have complete control over your own product and its brand.

What is 'branding' and why is creating the right brand is so important?

Branding is the essential proposition around which small businesses need to be created. The reason that nudie has been successful is because we've engineered the business around our brand proposition and connected it to our consumers emotionally. The old, conventional model involved creating a product or service, and then passing the product to the marketing department or an advertising agency to create a clever advertising campaign. This might still work if you are a large multinational corporation, but in my opinion, it can't work if you are a small business or if you are launching a new brand.

Many people think the brand just means the name or a logo, but branding involves so much more than that. Every successful brand has an implicit promise and a personality. In fact, the fundamental notion behind brand creation is that you need a brand personality, because you are trying to build a relationship between your brand and your customers. And as everyone knows, any good relationship only works when there is personality as well as looks and flair. You need the 'big idea', which is what the brand is all about. And then you need to engineer the entire organisation

around that. It's not just about your marketing campaigns or communication devices, it also influences who your employees are, the culture of your organisation, the iconography of your brand, the name, the colours and the symbols. It basically encompasses anything and everything that pertains to the business, right down to how you answer the telephone. This is what branding is all about, and it is why I love building brands. It is the most enjoyable part of the business for me. I love the process of creation and the fluidity of a brand from the perspective of consumers. It can mean different things to different people and the trick is to tailor the brand so that it relates to people on an overall level, yet still means something to them on a unique level.

In the beginning, what was your Unique Selling Proposition (USP) and is it important for a business to have one?

I believe that Unique Selling Propositions (USPs) have lost some of their relevance in recent years. A USP is something that underlies a product or service and makes it unique. These days products are very easily copied, and most products in most categories are the same or very similar. For example, a home loan is much the same regardless of which bank you get it from. Because of this, USPs can also be copied by anyone at any time, and so they have lost their importance.

It is my opinion that if a USP is to be used effectively, it must be coupled with Emotional Selling Propositions (ESP). These refer to how consumers *feel* about your brand; how they react to your product, rather than what the attributes of that product are. There's a huge difference. With nudie, our ESP is that we want people to have 'fun'. There are many things associated with the personality of the nudie brand, but first and foremost, we want to bring smiles to faces, nudie is very much about the enjoyment of our consumers. We aspire to connect with consumers and relate to how they are feeling – so that they feel better after coming into contact with our brand. We want the little nudie character and story on each bottle to bring a smile to the faces of the people who are drinking it.

How did you get the initial capital together to start the business?

There are dozens of ways to pull together capital for a business. In my case, I put a lot of it on my credit cards and then went back to the bank to increase the mortgage on my house. This was risky, but as an entrepreneur you need to learn to take calculated risks. I knew I was putting a lot on the line, but I had faith in my business. I also found business partners. I was introduced to one of my partners by the other and they already had a fruit juice factory, which was nice and handy. So we had a mixture of capital and existing assets as a foundation for the business.

There are a lot of ways to source capital if you are an entrepreneur who is just starting out with no resources: you can borrow money from parents or friends; you can approach business angels, who are wealthy people that invest in and mentor start-up businesses. They are often keen to invest in areas in which they have had previous experience, and this mixture of capital and strategic input is very potent. One of the best approaches is to find ‘angels’ among your personal network, these people already know you as a proven commodity; There is also an established private equity, or venture capital, market in Australia. One of the most important things in raising equity funds is to establish the ‘cultural credentials’ of the investor: if your approach to the business and your values are not aligned, it will cause problems further down the track. My advice is to ask yourself three questions about any potential investors:

1. Do I like them?
2. Do I trust them?
3. Do I respect them?

You should only proceed if you can answer all three questions positively.

At the end of the day, if you’re the right person, running with the right idea, and you’ve got the right business model, then

“This was risky,
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risks.”

you will be able to find capital easily. The right business will never be capital-constrained.

Within a year you were selling an incredible 16,000 bottles of nudie juice per day. How did you achieve such explosive growth?

I believe that we've had such phenomenal growth because we are delivering something of value, both in terms of brand and product. Consumers, especially in Australia, are under-serviced and often ignored. Australian industries are characterised by markets where a few firms dominate and thus the power of consumers is limited. What I mean by this is that these firms don't really need to work hard with consumers to maintain their place in the market, because they've already established themselves and it is difficult for smaller firms to get into these markets. This also means that consumers don't really hold much sway because there are no alternatives. For example, a company may have appalling customer service or charge an extremely high price because they know customers don't have the choice of going anywhere else.

Consumers have become used to the fact that marketing is a game that's played to obscure the truth, and these days they're far more sophisticated and can see through advertising. What counts today is the integrity of the product (quality, value and so on) and the integrity of the brand promise. Consumers today want a completely authentic organisation where the behaviours of the business are consistent with the brand promise.

So nudie, to an extent, has been successful because we've been a breath of fresh air, and we have no hidden agendas. We are completely transparent as a brand and as an organisation. If anything, we under-promise in terms of what we deliver, in order to fully satisfy the customer. We don't make extravagant claims, and we don't peddle things that can't be substantiated. So people discover what they want in the product and create their own expectations, which are fulfilled. I can sum it all up by saying that we respect consumers in a way that very few organisations do.



Tim, enjoying the fruits of a successful business.

How did you go about getting nudie juices into thousands of cafés and stores around Australia?

In short, the product sold itself. If you have a product that has quality and integrity it is relatively easy, you just need the right sales representatives with the right attitude. nudie is completely different to anything else that's out there, and consumers are drawn to it. It's the job of every good café and food store manager to notice things like that and I guess they noticed our product because we were being approached by many businesses to sell our products, rather than the other way around. So if you build your organisation on a foundation of being different, then the process takes care of itself. However, as I mentioned, you also need the right team. We choose our staff carefully to make sure that they understand what the brand represents and that they are honoured to be a part of that brand.

“...many people first heard about nudie as a result of the fire.”

In 2004 your manufacturing plant burnt down. Did you think it was all over at that point?

Never at any point did I contemplate the possibility that my business might be finished. I stood outside the factory as it was burning down and said to my marketing director, ‘Well, tomorrow we’d

better start looking for another factory’. At that point all I was thinking about was the hard work that would be necessary to get the factory working again. But I maintained an optimistic view and I knew that I would be able to cope and put in the hard yards to get there.

I think drive and determination are key factors in being successful. What distinguishes successful businesses from unsuccessful ones is the way they deal with setbacks. There will be many setbacks in business, and in life, but you just have to keep plugging away. The ability to succeed after failure is what sets the winners apart from the losers.

The fire proved to be a dark cloud with a silver lining. The morning after, we thought about the media and advertising messages we were going to need to communicate what had happened to nudie. I did my first radio interview at about 5.30am, just two hours after the fire had been extinguished, and I didn’t refuse a single press, radio or television interview opportunity. I spoke to the media constantly throughout the crisis, and as a result nudie received a massive media boost. In fact, many people first heard about nudie as a result of the fire.

A week or so later we launched our ‘We’ll Be Back’ campaign with bumper stickers and point-of-sale materials to let our consumers, retail outlets and suppliers know that we would be fighting back. And despite receiving approaches from just about every possible competitor while nudie was off the shelves, more than 90 per cent of our retail outlets held our shelf space in the weeks following the fire.

Four weeks after the fire, we were manufacturing again, and we launched our ‘We’re Back’ campaign with billboards, radio ads, more point-of-sale material and bumper stickers.

In the end, the fire proved to be a rallying point for everyone in the business and an opportunity to create some very effective marketing, which helped to build the brand.

Have there ever been times when you wanted to give up? What got you through?

I think business-wise everyone has wanted to give up at some stage! In fact, I’d like to reassure everyone that in business it’s perfectly natural and okay to feel that way. But it’s the actual act of giving up that makes the difference – although you might often think about it, a real entrepreneur just acknowledges the thought and asks themselves what they can do to improve the situation. At times I’ve thought it is all too hard, and it would be a lot easier to walk away, but I just think through it, move on and keep going. If you can keep going, you know that you are truly a successful entrepreneur.

If anyone can succeed in business no matter what their background or circumstances, what do you think holds people back from becoming successful entrepreneurs?

I believe what holds people back from becoming entrepreneurs is lack of confidence, failure to take action and an aversion to risk.

It’s important to understand that you don’t necessarily need a good idea or ‘the big idea’ to build a successful business. The world is full of ideas, they’re all over the place, and if I had \$100 for every person that has come to me over the last 25 years and said, ‘I’ve got this great idea!’ I would be a very wealthy man.

The art of being an entrepreneur is in actually *doing* something with an idea, sometimes at the risk of someone who cares about you saying, ‘No, no, no, you shouldn’t – it’s full of risks and problems, you can’t’. Most people will make negative comments about your entrepreneurial ideas – it’s a fundamental human trait to be averse to anything that may result in a bad outcome, but at the end of the day you need to be prepared to accept all of that and make it a good outcome. Instead of just being someone who says, ‘I’ve got a great idea’, an entrepreneur is someone who takes an idea (whether it’s their own or someone else’s) and acts upon it – it’s the *doing* that’s incredibly important.

People also use risk as an excuse. They say that they would like to do something, but they question whether it is safe, or whether they are able to make it happen, and they ask themselves, ‘What if it all goes wrong?’ I’m not saying that entrepreneurs are people who abandon common sense, but rather that they are more accepting of risk than the ‘average Joe’. I want to make it clear though that people shouldn’t take silly, uncalculated risks. This is what I mean by using risk as an excuse, because it seems too risky they don’t bother to research it properly. But I also believe that risk is just the tip of the iceberg, there are usually other reasons, such as laziness, beneath the surface.

What advice would you give to an aspiring entrepreneur who wants to get started in a business of their own?

First, I would recommend that any entrepreneur should challenge the conventional wisdom and do it differently; if you don’t do things differently, you have no basis for building a business. Second, just do it. There’s too much analysis, thought and planning – sometimes it’s better to just leap in and make things happen. And third, you need to have passion, enthusiasm and energy for what you do. You especially need to imbue your business with positive energy. It’s not good enough to just deliver an effective product, you have to delight people. This means making an effort for your consumers and telling them about the quality of your product and

what it can do for them. The ability to do this is what carries a business, because without customer satisfaction even the best product will fail.

Richard Branson is one of the people you have modelled your approach on, what do you think makes him so successful?

As I mentioned earlier, the thing I love most about business is branding, so I aspire for nudie to have worldwide brand recognition, much the same as Virgin has achieved. Richard Branson has created an effective business model by presenting his brand in a unique way that most people can appreciate. Because people can relate to the way Branson has positioned his business, they are more likely to work with it. This user-friendly branding approach has been something that I have taken lessons from when creating nudie.

As the founder and original CEO of nudie, why have you felt the need to move away from the day-to-day management of the business?

In March 2005 I moved away from the day-to-day management of nudie and am now a non-executive director. I did this for two reasons.

First, after two years, the business had entered into a different phase; nudie has been voted one of the top ten brands in the Asia Pacific region (behind the likes of Sony, Singapore Airlines, Qantas, Toyota and Honda) so it is already coming of age. As any business shifts from being a high growth start-up, to a mature, steady state, the needs of the CEO change. I am passionate about building a business but once it has reached the maturity stage I don't enjoy the day-to-day operations as much, so I wanted to focus my energies on business building.

“The art of being an entrepreneur is in actually doing something with an idea...”

Second, by early 2005 nudie had some institutional investors on board and it became clear to me, and to them, that I had a different approach to business than they were used to or comfortable with, and that I had an entirely different vision for the brand. This disconnect came about because neither of us had done sufficient due-diligence about the other. It was obvious that as long as there was this cultural disconnect, it was not going to be very productive for me to continue in my existing role, so I decided it would be better for them to deal with people more suited to working with them.

It is a very positive thing for me to move forward and create a different type of role for myself, and I am enjoying the freedom that comes from standing outside the business and contributing to it as a director.

What did it feel like to all of a sudden not be in complete control of the operation?

Obviously it's initially difficult. An entrepreneur doesn't only invest time and money into a start-up business, they also invest heart and soul, passion and energy. High growth start-ups are driven (not just managed) and led by powerful individuals with a clear vision for the future. So, it's impossible to step down from being fully engaged with the business and become completely disengaged overnight; it takes time to adjust.

For a while this was a very disconcerting position to be in and it was very difficult to observe the business without charging in and doing something. But I have learnt that good entrepreneurs are flexible and adaptable, and I have adjusted quite well to my new opportunities. I met someone in the street just the other day whom I hadn't seen in some time. He works as an executive recruiter and I first bumped into him when I was the CEO of Encyclopaedia Britannica. He mentioned that he had keenly watched the nudie story unfold because it highlighted to him that I had been successful in a number of different roles, and a number of different industries. I moved from the internet industry and the dot-com boom (and subsequent 'tech wreck') to start nudie, having never before worked in the packaged goods or food and beverage industries – this requires flexibility and adaptability.

What are some of the business projects you are currently working on?

One of the things I realise from meeting and speaking with other entrepreneurs is that the entrepreneurial process, the art of creating and building businesses, is almost ‘hard wired’ in successful entrepreneurs. Now that I have more time I am relishing the opportunity to create new businesses and build new brands. At the moment, I am working on some opportunities in software and healthcare products, and I’m also considering some new, very different opportunities in the food industry. A number of people with great ideas or an existing small business have asked me if I can help them to take their businesses to the next level, and I am working on some of those projects as well. I suspect that the next couple of years will see me launch not one, but two or possibly three exciting new businesses or brands.

What do you say to people who think it’s too late to get into business and fear they’ve ‘missed the boat’?

It’s never too late, so there should never be a fear of missing the boat. People need to understand that entrepreneurialism is all about attitude; it’s your attitude toward setback, risk, and other people – it’s the whole ‘can-do’ and ‘will-do’ thing, which is something that’s within you. It’s not necessarily something that you can create, because it lives independently of your skill set. I always recruit people based on their attitude rather than their skill set, because while you can train skills and you can create experience, you can’t easily create the right attitude if it doesn’t exist.

If we accept the fact that it’s all about attitude, that it’s something you own that is internal to you, then you can apply it to anything you do at anytime. If you’ve got that attitude, you can be 70 years old and create a business, and you can do it in any industry. If it’s inside you, there’s never going to be that single business opportunity that you miss because it’s ‘too late’ and there’s never going to be an age by which you’ve missed it.

EXPANDING IN ASIA

Douglas Foo



DOUGLAS FOO

“ My long-term vision is for Apex-Pal to become a successful, diversified food and beverage conglomerate and a Fortune 500 company. It might not happen in my lifetime, but the Coca-Cola business empire wasn't built in a day either. ”

DOUGLAS FOO

Douglas Foo was born in Negri Sembilan, Malaysia, in 1969. In 1970, his family moved to Singapore where Douglas grew up. His impressive list of achievements began early: Douglas was head prefect of his primary school, completed his 'O' and 'A' level exams and later a Bachelor of Business at the Royal Melbourne Institute of Technology University.

After one year in the corporate world, Douglas founded Apex-Pal International, which has become one of the fastest-growing food groups in Singapore. He is responsible for establishing brands such as Sakae Sushi, Crepes & Cream, Nouvelle Events, Uma Uma Men and the Hibiki Japanese Restaurant. Within just six years Douglas had listed his company on the Singapore Stock Exchange.

Apex-Pal's innovations include the portable conveyor-belt sushi system for indoor and outdoor catering, the interactive menu system and vitamin E-enriched sushi rice. Apex-Pal has been awarded Singapore's 50 Fastest Growing Companies Award 2005, the Singapore Innovation Award (Innovation of the Year), the Singapore Franchise Mark and the Singapore Promising Brands Award. Apex-Pal's Sakae Sushi chain, which has 27 outlets in Singapore, has now expanded into Thailand, Indonesia, Malaysia and China and will soon be opening in the Philippines.

Douglas was named 2002 Entrepreneur of the Year by the Association of Small and Medium Enterprises (ASME) and the Rotary Club of Singapore, and 2002 Top Outstanding Young Person by the Junior Chambers of Singapore. For his exceptional entrepreneurial achievements, and notable service to the community, Douglas was conferred the 2003 Singapore Youth Award and the 2004 ASEAN Youth Award.

Douglas lives with his wife and three children in Singapore and in addition to adding to his gastronomical experiences, he enjoys playing tennis, swimming and reading.

Who were some of your early role models or influences?

My dad played a significant role in my life, but he was very strict with me when I was a child. He refused to buy me toys that he thought were non-beneficial or held no educational value, toy guns for example. One incident that is etched into my memory was the day I was sick and made a ten-cent phone call to Dad to ask him to pick me up from school; he didn't pick me up. We lived close by and he felt that I could walk home by myself, he also chided me for wasting ten cents on the phone call. The need to value money has been instilled in me since my childhood and this has resulted in my prudence in managing the company's finances.

I attended the Red Swastika Primary School and Dunman High School in Singapore where Confucian values were taught. These shape the way I think and make decisions, and the values that I would like Apex-Pal to uphold. These include 'gong' (respect), 'kuan' (magnitude), 'mian' (forgiveness), 'cheng' (sincerity) 'xin' (trust), 'yong' (braveness) and 'zhong' (loyalty).

After working as an employee for a year what made you choose to go into business for yourself?

I was working for Tokyo Corporation as a marketing executive in their real estate arm where I befriended many Japanese clients, some of whom came to Singapore to buy garments for the Japanese market. I believed that they would buy garments from me if I sold the same quality products at lower prices. When I brought the idea up with them, they confirmed that if I could offer more competitive prices, they would buy from me. I saw the opportunity and went about finding a cheap production base. Singapore was definitely out, so I tried Indonesia and China and finally found India where I started venturing into the area known as the Kandla free trade zone. That is how I started, the opportunity was there and I took it.

“After all, healthy competition helps to foster progress.”

I began by trying to find the right name to represent what I wanted to do. I chose ‘Apex-Pal’ because it was made up of my two key elements: ‘Apex’, which means being at the top and ‘Pal’, which means friend. We chose ‘Apex’ because we want to be the best in whatever we do, but at the same time we do not want to get to

the top through unscrupulous means, so we teamed it with the word ‘Pal’. This embodies our desire to forge win-win situations and strong friendships with our associates, employees, customers, stakeholders and even our competitors. After all, healthy competition helps to foster progress. Apex-Pal began as a trading and garment manufacturing company in July 1996.

Were there any times that you wanted to give up, and if so, what got you through?

Initially, my garment business in India was besieged by a multitude of problems and before long a founding Japanese partner pulled out. While the costs in India were low, we didn’t realise that managing people from a different culture would be so challenging. Our very first shipment could not leave because of my lack of knowledge and my employees’ lack of skills.

At that point in time, some people said to me, ‘Why do you want to carry on? Why don’t you go back to the luxury of a full-time job – you don’t even have a hotel!’ We were staying in a rented place and one day I was confronted by a cobra staring me in the face! But I told myself that I had to persevere. I had to hold on to my beliefs and ideas and I steeled myself to be strong and determined. I knew that I had to try again and again in order to make it succeed. As it turned out, luckily, we managed to turn it around and we succeeded with our next shipment – the rest, as they say, is history.

Even today, if I had to start Apex-Pal and Sakae Sushi all over again, I would. I love the business and I have absolute faith in Sakae Sushi’s value propo-

sition and in its ability to transcend geographic boundaries and one day become a global chain.

What made you decide to diversify the business from clothing to food?

In 1997, one year after I started, the garment business was going well but I felt that things might change soon. The global economy is constantly changing and the world is extremely dynamic these days. If I managed to find a cheap manufacturing base, what was to stop someone else from doing the same thing? It was time to diversify. I wanted to create another brand or line of clothing, but if that was not possible, I felt it would be necessary to diversify into another industry altogether. While I was researching the alternatives, I discovered that creating another clothing brand would be much tougher and much more risky, so I decided to diversify into a completely different industry.

We started to ask ourselves what industry is more stable? What is less affected by the economic cycle? What can take the upturns and the downturns? What would be able to handle all the inventions and new things that come into play in our modern living? We thought about these things at length and we thought about the four basic needs of people – clothing, food, a roof over one's head and transport. In Chinese, these are known as the 'Yi Shi Zu Xin'. We realised that transportation (xin) and property (zu) were big infrastructure projects that we would not have been able to handle at that time, so we looked at the next best option – food (shi).

We did a survey and found that people were becoming more health conscious, so we wanted to serve healthy food. We studied different types of cuisine and found that Japanese food is very healthy because the rice is steamed and the fish is raw. And because we were also looking at going overseas, we needed a cuisine that we could export.

At that time, Japanese food was an expensive cuisine that only a certain section of the market could enjoy. We had to decide whether we would

aim for the high-end or the mass market. We opted to start our business aimed at the middle section because it offered a 'buffer zone'. What I mean by this is that during any bad times, people at the top may have to take a step down, while during good times, people from the bottom might move up. That's how the concept of Sakae Sushi and the business model came about.

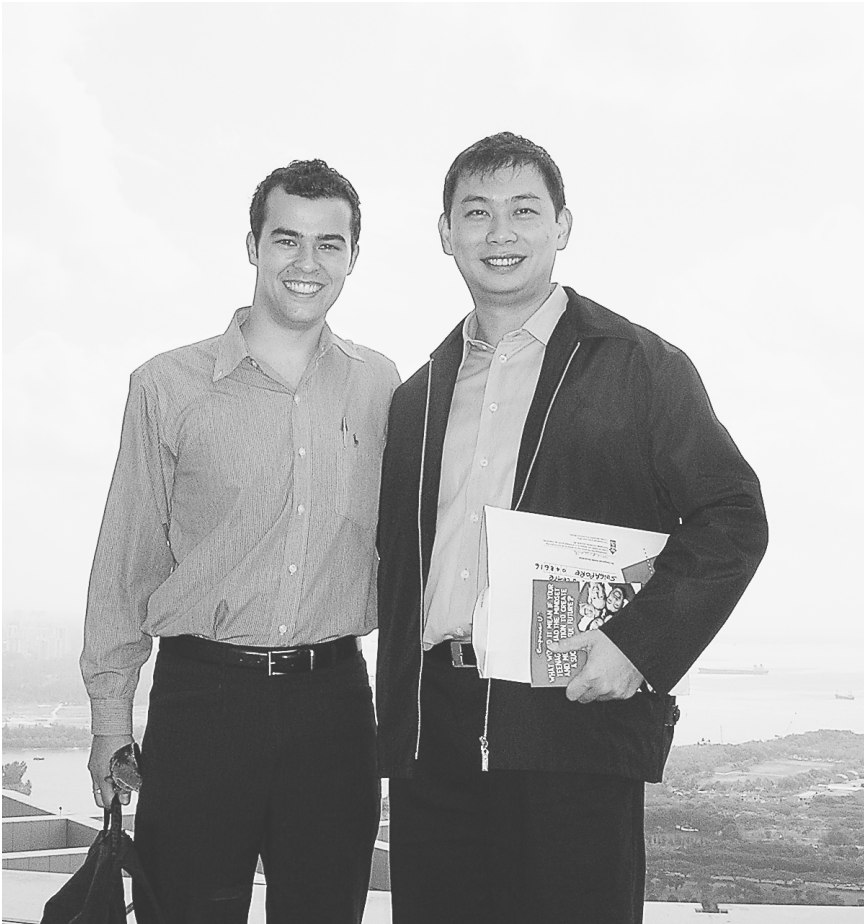
After you made that decision, how did the business grow over the next few years?

We opened our first Sakae Sushi outlet in Singapore's OUB Centre in September 1997. Thankfully, we hit the right value proposition and the crowds started coming in. Encouraged by the success of our first restaurant, we opened our second at The Heeren Shops in January 1998. It is in the heart of Orchard Road, Singapore's key shopping district. The human traffic in this area is extremely high, which meant greater exposure for our own home-grown brand of 'kaiten sushi'. The performance of Sakae Sushi at The Heeren Shops inspired us to open a third restaurant at Wheelock Place, also on Orchard Road, in February 1999. From there we kept on growing. In February 2000, we opened a Sakae Sushi at Eastpoint Mall, which marked the beginning of our expansion into the suburban market where we could cater to customers working and living in the suburban housing estates. This led to Sakae Sushi becoming a recognised household brand. Since then, Sakae Sushi has not looked back and has continued its steady growth path to 27 outlets across Singapore today.

Sakae Sushi's roaring success in Singapore caught the attention of some of the major overseas players. We receive a steady stream of franchise enquiries from all over the world including the USA, Russia and even Latin America. In March 2001, we entered into our first franchise agreement with an Indonesian company for the exclusive rights to set up Sakae Sushi restaurants in Java, Indonesia. After we began franchising, our business grew at a phenomenal rate. In May 2001 we signed up a franchisee for Thailand, and a corporate-owned outlet in Shanghai. Currently, we have a total

of six Sakae Sushi outlets overseas, spanning Indonesia, Thailand, China and we'll soon be in Malaysia and the Philippines.

Building on the success and popularity of Sakae Sushi, we launched Sakae Express in July 2003. This was a natural extension of our expertise as the market leader in Japanese kaiten sushi. Our Sakae Express introduces an artful blending of traditional Japanese food, at affordable prices, in a quick-service environment which allows both dine-in and take-away. Sakae Express also seeks to introduce a 'fun' concept by allowing customers to create their own dishes, based on a 'mix and match' process.



Dale Beaumont and Douglas, on the 49 floor of the OUB Centre in Singapore.

How did you choose to further diversify your business and what are the new subsidiaries you have created?

Encouraged by the success of Sakae Sushi, we saw the value in further diversification into many different areas. We relied on thorough market research and the creation of market niches. Our new diversified businesses include:

Bud's Ice Cream – In February 2000, we were awarded the exclusive distribution rights in Singapore for Bud's Ice Cream of San Francisco. Bud's Ice Cream was selected by our management as the dessert of choice because it uses skim milk, rather than the normal full cream milk, so it promotes our drive toward health awareness. Bud's Ice Cream is now sold in all of our restaurants and cafés, and we also distribute it to various hotels and restaurants in Singapore and to the supermarket, Cold Storage.

Crepes & Cream Restaurants – We found diversification easily manageable and successful so we began to try and cater to the varied tastebuds of Singaporeans. Our creative management team set up the first Crepes & Cream restaurant in September 2001. Crepes & Cream specialises in serving Western food and crepes both as an entrée and as a dessert. Its clean and modern look appeals to the younger and trendier customers. Crepes & Cream has also been successfully franchised and exported to the Philippines, with the first outlet now open in Manila.

Hibiki – Apex-Pal then came up with a strategy to tap into a different consumer segment, while still leveraging our experience in serving Japanese food. The result was the establishment of Hibiki, a contemporary Japanese restaurant in 2003. Using only the choicest ingredients and seasonings from Japan and around the world, Hibiki combines strong Japanese culinary traditions with contemporary tastes and designs, resulting in an innovative dining experience that's palatably cosmopolitan. Hibiki's Sake Salon stocks over 24 different types of sake from Japan, making it one of Singapore's most well-stocked sake bars.

Skål – The next diversification was the outcome of our research into gaps in the food market in Singapore. We realised that in Singapore’s otherwise saturated food service scene, there were no Scandinavian restaurants. So, in 2003, Apex-Pal opened up *Skål* (pronounced skol), which means ‘cheers’ in Swedish, with the aim of introducing a selection of Scandinavian staples to the increasingly sophisticated, adventurous and curious Singaporean palate.

Nouvelle Events – With the rapidly increasing number of restaurants owned and operated by our company, *Nouvelle Events* was set up in April 2001. This new business sought to capitalise on the economies of scale, that is, the cost and profit advantages generated from having a central kitchen which supplies food ingredients to all of our restaurants. *Nouvelle Events* has since evolved into catering, trading in food products and the operation of food and beverage facilities in clubhouses. *Nouvelle Events* also operates our portable conveyor belt, which allows kaiten-style sushi to be brought into private events. We are able to handle events of more than 1,000 people, and have done so, including events such as the press conference for Kit Chan’s debut concert in Singapore in June 2001 and Minister Mentor Lee Kuan Yew’s birthday party in 2003.

Uma Uma Men – In May 2005, Apex-Pal took pleasure in unveiling yet another new and scalable dining concept. True to Apex-Pal’s spirit of innovation and efficient use of technology, *Uma Uma Men* (meaning Yummy Yummy Noodles), serves freshly made Japanese noodles, and is the first in Singapore to use a special noodle-making machine from Japan. Like *Sakae Sushi*, *Uma Uma Men* also seeks to excite the taste buds with healthy dining choices. The restaurant’s modern, bright and lively interior, exudes the same fresh, healthy and fun appeal. With its open kitchen concept, customers are also treated to an exciting display of chefs making the noodles fresh before their eyes.

I guess you could say we experienced so much success with diversification that we had diversifications of our diversifications!

“ We have to be better than ourselves today, or we risk becoming irrelevant to consumers. ”

From your experience, what is your biggest tip for running a successful restaurant?

Never rest on your laurels! People always think that the food service business is an easy and attractive one to be in. This, coupled with the fact that the barrier to entry for the industry is relatively low, doesn't mean that you have the ability to rest and relax, but rather that you should

always be prepared for copycats once the business booms and the market expands. While you cannot stop people jumping on the bandwagon, you should always capitalise on your first-mover advantage (or the brand loyalty) that you have created.

For example, at Sakae Sushi we strive to be above the best. Although we may already be the best in the market, we still constantly push one another within the company to improve so that we are even better tomorrow. We *have* to be better than ourselves today, or we risk becoming irrelevant to consumers. This is especially so in consumer industries such as food service where the environment, economic climate and consumer needs and wants are changing all the time.

We cannot afford to just sit there and wait for things to happen. We have got to put the money into research and development and seek to be innovative in the way we do things, in terms of our food, systems and management. We constantly change and make sure that we stand out from the rest of the crowd. I think that is one of the best tips I can offer for making a successful restaurant.

What are some of the things you do to keep your customers coming back?

Just as our tagline, ‘Good Place, Very Good Sushi’ promises, we strongly believe in providing good food and a comfortable ambience at value for money prices. With our economies of scale and our strength in purchasing, we can secure similar grades of fish at lower prices than our competitors, and we pass on these cost savings to our customers so that they know they can always get value for money when they come to us. For example, despite serving our food at \$1.90 per plate, the rice we use is of the best quality, that is, top grade California rice similar to that used by the top Japanese restaurants here. As a testament to the quality of food we serve at our outlets, we are now selling our sushi on a business-to-business basis to hotels such as the Shangri-La, Conrad International and the Oriental Hotel.

In addition, unlike in other Japanese kaiten sushi restaurants where different coloured plates cost different amounts, at Sakae Sushi we have a straightforward two-tier plating system. All plates on the conveyor belt fall under two categories or prices: coloured plates for \$1.90 (over 80 different varieties) and premium red sashimi plates for \$6.50. This simplified system ensures that our customers can sit back and enjoy the dining experience instead of having to keep track and calculate how much they have eaten. As you can see, our business differs from other sushi restaurants in its approach to customers by making it more easily enjoyable for them.

In addition to this, what are some of the things you do differently to distinguish yourself from your competitors?

We also invest in research and development so that we can use technology to enhance the dining experience and value for our customers. When you enter the restaurant there is a conveyor belt system moving your food, we have also developed a portable conveyor belt system which has been put under the protection of a patent.

Sakae Sushi is also the first to have an interactive menu. This is an original menu system developed, upgraded and maintained by our IT division, Innotech Consulting. The interactive menu contains illustrations and a description of the dishes served at the restaurant and allows customers to surf these pages and place their orders directly with the kitchen. Customers who prefer to hear a human voice can also talk to our chefs through the intercom system attached to each table.

Human involvement in the cooking process is also minimised with the use of a sushi robot and other automated machines. While the Japanese do have sushi-making machines, at Sakae Sushi we took it one step further. We technologically enhanced every step, even the washing of the rice. Furthermore, for customers' convenience, there is a hot water tap at each table where they can make their own tea. These innovations and uses of technology have enabled us to increase our efficiency and reduce serving time.

In addition, food is a social responsibility to us. A plate of food prepared in Apex-Pal must be a plate of food that we would want to eat ourselves. Not only do we have strict quality control, conducting spot checks in the kitchens where the person who prepares the food has to eat the food himself, we also add vitamin E to our rice for health reasons. This strengthens the area of our branding which is concentrated on health consciousness. None of the other commercial kitchens can say they do this too.

What steps did you take to expand your business into Indonesia, Thailand and China?

Apex-Pal is always on the lookout for business opportunities and reliable, passionate partners. We never close the door to potential business opportunities and actively seek them by putting ourselves out there. We believe that by doing this, we can also increase the exposure and awareness of our company and our brands. We actively look for expansion opportunities through:

- attending networking sessions
- meeting potential overseas partners in their home country

- hosting potential business partners when they visit Singapore, and
- participating in business missions organised by International Enterprise Singapore, the enterprise promotion arm of the Singapore Government that helps Singaporean companies expand into overseas markets.

At the same time, we try to provide maximum support and value-add to our overseas partners. We look into ways to help them manage their costs, such as helping them source their supplies, and work with them on increasing their revenues through promotions, enhanced menus or new innovations. We account-manage and tailor our assistance and support to the needs of each of our partners. After all, their success is our success. For markets that we enter ourselves, we also do extensive research on each market, including the preferences of local consumers, competition and pricing, which enhances our success rate significantly.

Do you find it difficult to oversee so many different projects and still be able to grow them all successfully?

As the company grows in size it becomes increasingly difficult, if not impossible, for me to head every project and make all the decisions. If all decisions had to be taken by me, I would most certainly become an impediment to growth, which is something that is clearly undesirable. I don't believe I have the mental capacity or the time to take on the decisions of all projects at once. Therefore, we strongly believe in delegation and the entrustment of responsibilities. Since inception, we have always emphasised the need to recruit the best talent in the market. We've put capable managers in charge of spearheading the growth and expansion of each of our concepts. For this to work successfully, it has to be coupled with creating the right culture and ambience to empower these managers to make decisions, which is why we have an open, sharing environment to cultivate ideas.

“ A plate of food prepared in Apex-Pal must be a plate of food that we would want to eat ourselves. ”

What methods do you use to find top level managers for your various companies?

We make it a known fact that as a company on an expansion path, we are always in need of, and on the lookout for talent, regardless of geography. In fact, to make Apex-Pal truly international, we are now looking to hire overseas talent to ensure a diversity of views, opinions and experiences within the company. By doing this, we have a lot of people who approach us directly for jobs. We find that we have inspired people by our growth plans and the opportunities offered by the company. Others find out about us through word-of-mouth or referrals. For example, we recently hired a Chinese national, who is an MBA graduate from Tsinghua University, one of China's leading tertiary institutions. This prominent and intelligent employee had heard about us through her Singaporean classmate.

However, at Apex-Pal, we believe that just finding top level managers alone is insufficient. We are also constantly thinking about how to retain and nurture our talent by fostering them on a personal, as well as professional, level. One of our philosophies is adopting a holistic approach to life and ensuring that their needs at most levels are met. We try to look after the professional, personal and social interests of our employees by ensuring that beyond a fulfilling career with us, they have time to focus on their families. We systematically chart out a career path for our staff and provide them with the relevant training to help them succeed. On the personal side of things, we have benefits and programs which allow staff the time to take care of and bond with their families. These include maternity and paternity leave, presenting staff with birthday vouchers to celebrate with their families and inviting family members to join in staff functions.

With hundreds of employees, and numerous franchisees, what are some of the most important lessons you have learnt about leadership?

It is important that a leader is clear about his or her role in the company. They should be well networked and have a good overall picture of the

developments and changes in the world and how these affect the company. A good leader should formulate a vision and give clear directions in which the company should head. Doing this with enthusiasm inspires people to move together in line with the vision and direction. At the same time, the leader should be clear about the types of values the company and its employees should embody. In this respect, it is also important for the leader to lead by example. They should behave with a level of integrity and gratitude.

How would you describe your personal business philosophy, or style of running a company?

In three words: Openness, improvement and prudence.

I believe in openness. Different people see things from different perspectives and through their own filters and experiences. As such, it is important that everybody's opinion counts. My office door is always open and people can always come to me with their ideas and thoughts, whether it is to improve on existing systems or practices, or whether it is to propose new ideas. We have a laissez-faire policy in terms of staff and our people are free to propose any new ideas and help in their implementation. Only through such a culture of openness can we maximise the creativity and value of our people.

Due to such open interaction and discussion as a team, we can come up with innovative new ideas or solutions to existing problems. This gives us the ability to enhance or improve on what we have and to differentiate. Only then can we stay ahead of the competition.

However, when it comes to finances, I prefer to take the prudent route. If you don't have a dollar, don't do a two-dollar business. Since setting up the company in 1996 with capital of \$300,000, the company has never borrowed money from any bank, preferring to fund each expansion from its revenues, and more recently from listing. We are in the food business, not in finance where you leverage on your borrowings to get higher returns.

Is there a significant quote or saying by which you live your life?

Dare to dream. One has to aim high. If you aim for the moon, even if you don't reach it, you might get near it and that is still something.

What are some of your proudest achievements?

The most recent event that made us very proud was our listing on the Singapore Stock Exchange. We are very happy that we were over subscribed 916 times, which is a record in Singapore. The previous record was held by Kim Eng Securities in 1990 for being 700 times over subscribed. This overwhelming response gave us so much confidence, it really boosted our morale. It's like running in a marathon where we've just completed the local lap. We've consumed the glass of energy drink, which will give us the strength to go on to the next lap of the journey.

Also, the fact that Sakae Sushi's franchise holders (despite having strong links with Japan themselves) choose to buy their conveyor sushi business from us, validates our belief in what we are doing. It is a testimony to the fact that we are able to offer them greater value with several additional innovative features.

Having now reached a certain level of financial security and independence what drives you to achieve even greater heights?

Primarily, a key factor is my responsibility to our employees, of which we have over 700. Only through the success and growth of the company will we be able to retain them and provide them with opportunities to grow with the company. It makes me very happy to see employees who start out as service crew eventually climb and make their way to become restaurant managers. The fact that the company has helped them improve their lives financially or otherwise gives me a great sense of satisfaction.

The Straits Times

Established 1845

Thursday, August 28, 2003 THE STRAITS TIMES

MONEY

A15

Apex-Pal's public tranche offer 916 times taken up

THE company behind the Sakae Sushi chain, Apex-Pal International, yesterday reported an astounding take-up rate of its initial public offer (IPO), with the public tranche 916 times subscribed.

This is believed to be the highest share subscription rate in Singapore's history, beating Kim Eng Holdings' take-up rate of 784 times when the stockbroking firm was floated on the exchange in February 1990.

However, Apex-Pal's subscription level - though impressive - was distorted by the very small number of shares set aside for the public.

Of the 16.5 million IPO shares offered at 26 cents apiece, only 836,000 shares were sold to the public. The remainder was placed out to institutional investors, valued clients and company employees.

Demand for the shares was so strong that 1.5 million placement shares put up for sales last week on the Internet at ePublic Offer.com were snapped up within three minutes.

Based on the entire 16.5 million offer shares, the IPO was about 47.4 times subscribed. The response meant that very few investors were successful in their applications.

For instance, only one out of 99 applying for 1,000 shares was successful. The odds improved marginally for those who applied for more.

Said Apex-Pal chief executive Douglas Foo: "We are delighted with the strong reception to our IPO, which is a testament of the faith investors have in the ability of our management team."

The company will use the estimated net proceeds of \$3.4 million from the IPO to establish new outlets, develop new brands and as working capital.

The shares begin trading today.

In addition, I am constantly challenged to identify and groom a successor to take over my position when he or she is ready. Succession planning, I believe, is a key ingredient for ensuring the long-term stability and growth of the company. Having founded Apex-Pal and grown it to its size today, you could say that it is my 'baby'. However, unlike some parents who cannot let go, I realise that this baby will eventually grow up and will need to survive on its own. It is counterproductive to be overly protective or to hold on and refuse to let the baby develop a life of its own. Most founders do this because they are trying to increase their own self-worth, but they don't realise that they do so to the detriment of the business itself. I believe it is important that I equip my business with the right people who have the right skills as early as possible, so that it can be independent and continue growing and thriving without me.

What is your long-term vision for Apex-Pal? Do you have any expansion plans?

I definitely want to see Apex-Pal expand further. I plan to do this using a three-pronged approach.

1. To increase revenues from existing outlets, for example by increasing the average cheque, number of customers and transaction counts through more innovative offerings, better service and a value for money proposition.
2. To nurture and develop Sakae Sushi into an international brand. To achieve this, we will need to increase the number of outlets, particularly overseas. Already, we have plans to expand in Asia in the areas of China, the Philippines, Malaysia, the Middle East, Thailand and Indonesia. Eventually, we hope to be in most key international markets including the USA and the UK.
3. To incubate and nurture new concepts and brands which could eventually be internationalised as well.

My long-term vision is for Apex-Pal to become a successful, diversified food and beverage conglomerate and a Fortune 500 company. It might not happen in my lifetime, but the Coca-Cola business empire wasn't built in a day either.

What advice would you give to other budding entrepreneurs about getting into business for themselves?

My advice to people who are looking to start up, or go into a business is to keep their minds very open, constantly network and be open to opportunities. Sometimes an opportunity that might not be related to the field of study that you have done comes along, but that does not mean that you cannot do it. The studies that you have done have actually prepared

you to manage a place. What you have learnt all this while may not be wasted. Someday, you will use it again and so you just have to keep a very open mind. Once you come across an opportunity, you need to trust yourself to go ahead and do it. You can't hesitate at all when making this decision but have the confidence to do it now. Also, never be afraid to ask and ask and ask. You have nothing to lose by asking questions and you will be surprised how much information you can gather as well as the number of friends you will make along the way.

STRONG FISCAL LEADERSHIP

Craig Lovett



CRAIG LOVETT

“ There has never been a time when I wanted to give up, even when I was in the depths of despair in late 2001 and it looked as though I might lose everything, including the business and the house. I just don’t allow myself to contemplate defeat. ”

CRAIG LOVETT

Craig Lovett was born in Sydney in 1960. He lost his father at a young age and grew up in Sydney's western suburbs – two experiences that quickly taught him to become independent and the value of hard work.

After finishing school, Craig worked in hospitality and later joined the police force before taking a job selling cleaning equipment in Victoria. It was at this time he met Ron Kirwan and together they started a contracting business which would later become Cleanevent.

Craig is the founder and chairman of Cleanevent International, which manages the cleaning and presentation for many of the world's major sporting events. Some of its more high-profile clients have included: the 2000 and 2004 Olympic Games, the 2002 Winter Olympic and Commonwealth Games, the Australian Formula One Grand Prix, Wimbledon, and the US and Australian Open tennis championships. Cleanevent employs more than 350 full-time staff and over 4,500 casuals in four countries.

Craig is arguably one of the most experienced event and venue cleaning and waste strategy experts in the world. Both he and Cleanevent have received numerous awards recognising excellence, and success in the growth and export of this Australian company.

Craig is also sought after as a speaker on event presentation and entrepreneurship and is an active member of the Young Presidents' Organisation (YPO).

Craig lives in South Melbourne with his wife and two children. When he has time, he enjoys a game of golf and reading about successful people and world leaders.

When did you and your family first realise that you had an entrepreneurial flair?

Entrepreneurial talent doesn't run in my immediate family, and to some extent it is actually frowned upon. My family comes from a time when it was the norm to choose a job; the 'best successes', according to my family, are those who have achieved positions such as bank managers, school teachers, defence force personnel, or pretty much any 'no risk' career. There's nothing wrong with that – except that it isn't me.

My journey into the business world began when I was fourteen years old. I was like any fourteen-year-old rugby player that 'hung out' with older kids. I was amazed at how these kids always seemed to have a buck in their pockets. My father died when I was seven, and Mum was a widowed pensioner, so I knew from an early age that 'if it was to be, it was up to me', and I started thinking about ways of making myself some money.

I decided to become the paper boy for my local area. I had my first paper round delivering the local news each Wednesday and it wasn't long before I realised that I could do three or four rounds if I had a few younger guys doing the delivery work for me. These were keen kids who were all willing to work, but because they were a year or so younger than me, they were too young to be hired directly by the agency. I would collect the papers and my fee, and Mum would drive me to deliver the papers to the lads, who would roll them into neat bundles and deliver them, then I would pay the guys the following week. In this way I learnt about how to make a profit, allocate wages and leverage my time in running a business.

What was your first significant business venture and what did you learn from it?

My first significant business venture was the start of what is now Clean-event. It began when I started selling cleaning machines for an

“ I thought it was a fairly good idea, so putting my money where my mouth is...”

American-based company. I worked in Victoria, and had approached Flemington Racecourse about purchasing some \$200,000 worth of equipment. This was back in the days before they had discovered multiple uses for the venue, at the time Flemington only hosted 31 race meetings a year, with no additional functions and very little in the way of trade shows and the like. As much as they wanted the equipment, for the number of

days the venue was used it made no sense for them to purchase it, so they asked me to find a cleaning contractor who would use their own equipment. But try as I might to sell the project to contractors, they were only prepared to purchase second-hand or traded machinery, which was never going to be enough to do the job required at Flemington.

I approached my friend, Ron Kirwan, who operated a cleaning company in Melbourne's west and convinced him that he should branch into this form of contracting. He agreed, and asked me if I would partner with him as the main driver of the new business. I thought it was a fairly good idea, so putting my money where my mouth is, we formed a 50/50 joint partnership and the company grew from there. I went straight to Flemington on the first day of business and told them that I had found a good contractor: me!

Our business was originally called Western Suburbs Power Sweeping, which was a strong name but it had no scope. Some years later, we renamed the company 'Cleavevent', which allowed us to focus on other venues and events. Cleavevent has now developed into a brand with a great culture to support it – it is based on the premise that anything can be done when you roll up your sleeves and do the hard work. I have put my life and soul into the development of this brand and I am still its custodian on an international level; I oversee the use of the logo and image wherever it is used around the world.

With Ron as my start-up partner, I learnt many lessons. I learnt the value of trusting in someone else and that your word in business is as important as your word as a man, by that I mean that your handshake is as good as your signature. Overall, it has been a very fruitful venture that has taught me many powerful business skills.

What made you decide to start Cleanevent?

An opportunity was offered to me, I grabbed it and wouldn't let go! Everyone has opportunities to do something for him or herself, the real talent is in being able to *see* the opportunities and how to make them work with the balances that are required in life. My advice is to not be afraid of taking advantage of opportunities. If something comes up, take a chance and try it. Right back when I ran my own paper round and had three other kids working for me, I knew that I was eventually going to do something for myself, it was just a matter of waiting for the right opportunity.

I also decided to get into business because I love taking the calculated risks involved and helping people to become what they never imagined they could be. Being from humble beginnings myself, I really appreciate seeing an underdog get a break and develop a career, especially when I can help!

Cleaning is obviously not the most glamorous business in the world, so what attracted you to the industry?

I acknowledge that cleaning is not exactly glamorous and I also advocate that you should do things that you have a passion for, which might seem a bit contradictory. But because Cleanevent does things differently, in different places, it's not like other cleaning companies. The thing that keeps us successful is that while we do work in possibly the un-sexiest business in the world, the *places* that we work in are among the sexiest. Our staff are happy and focused on the environment that they work in, and therefore the work seems secondary to the fun locations.

In any case, I don't consider us to be a cleaning company. We don't have the same target market that other cleaning companies do, such as high-rise offices, warehouses and industrial sites. We focus on the venue and event arena, which is what made us special from the beginning, and it remains our leading edge and niche market.

Why would a venue use Cleanevent when they could employ their own cleaning staff?

The outsourcing versus in-house conundrum will always be present. In the early days of the start-up company, I gained an insight into how most venues, and the event industry as a whole, were not being served by the use of general janitorial staff. A venue or event should consider using Cleanevent when they want to take cleaning off their agenda and hand responsibility to us, so that they can focus on doing what they do best. If they want to 'half manage' the cleaning themselves, then we are the wrong option. Our training and industry knowledge is leading edge, as is the quality of trained and capable staff that we have on our team – all of this equals productivity, which makes us a very competitive option.

Why was it so important for Cleanevent to expand overseas?

The idea of expanding overseas arose because of event seasonality between the northern and southern hemispheres. We realised that we could achieve a more year-round spread of business and a more even cash flow if we expanded overseas.

It was also a personal goal of mine to break into the US market. Everyone I have ever known who has a great product talked about taking on the USA. It stands for me as one of our greatest achievements. It has been costly and it's taken a long time to get it right, but it is now on the verge of greatness and is looking like becoming one of our most prosperous international markets.

The most difficult thing about breaking into overseas markets is finding a banking and finance provider that will support you. Australian banks only give ‘lip service’ to export companies unless there is a government grant to secure funding, or plenty of ‘bricks and mortar’ security.

Within a decade of starting Cleanevent could be found behind just about every sporting event in the world. How did it grow so fast?

We grew through a combination of passion, a will to succeed and a vision of becoming a global company and an iconic Australian success story. I had been selling sweepers to factories, warehouses, transport companies and venues for five years and I used this contact base to become known throughout the industry. I networked harder than anyone in the same, or a similar, game. Our brand grew even bigger than the company, and there was a perception that we were a large company when in fact we were not. This did create some ‘tall poppy syndrome’ among the dinosaurs of the industry, especially in Australia, who did not appreciate our newfound success.

With financial skills being so important in business how did you make up for a lack of experience in this area?

In the early years, I rated the need for fiscal aptitude a very low last when compared to operational capabilities. But over the past ten years the pendulum has swung a whole 180 degrees. I now ‘over hire’ when it comes to fiscal leadership and governance and I make sure that about 40 per cent of the Holdings Board Group, and at least 25 per cent of each country advisory board, is financially skilled.

The most common mistake that businesses make is underestimating the need for tight fiscal controls. You must have a good

“ This did create some ‘tall poppy syndrome’ among the dinosaurs of the industry...”

budget, a good financial plan and be stringent about sticking to it. ‘Over hire’ all the financial positions that you require in your business, including accountants, fiscal managers, bookkeepers, administrators and so on. This is one of the best pieces of advice I can offer you, because I know from experience what can result when you are not tracking your finances.

What is the biggest mistake you’ve ever made in business and what did you learn from it?

The biggest mistake I made was, surprisingly, when things were on a real high. This actually happens often in business – when things are going well you become more relaxed and think that because everything is running okay, you don’t have to worry about the small details. It was during the period leading up to the Sydney 2000 Olympic Games, I should have taken steps to either raise some equity to capitalise the business, or head into an IPO (initial public offering), but instead, I mistakenly put all of my eggs into one basket. I thought things would be fine because the market was really hot between the middle of 2000 and early 2001, there was plenty of money around, and business was great.

We soon gained a debt base with one of Australia’s so-called ‘best banks’. In late 2001, this bank pulled out its support for Cleanevent, like pulling a rug out from under a child. The company was left to survive on its own as the bank, after having begged us to accept their capital, disappeared – causing major issues for the entire business. The result was that one of our business units (the one that carried the bank debt) spent a short period of time in voluntary administration while we restructured and recovered. It took 64 days, and was without doubt the toughest time in my business life! The challenge after this period was to secure a capital platform which ensured this would never happen again.

I never complain about mistakes, because through adversity comes opportunity. One such opportunity was generated when I was introduced to Melbourne’s Lieberman family after the bank left me ‘high and dry’. I have now partnered with their organisation in building a great brand.

Have there ever been times when you wanted to give up? What got you through?

There has never been a time when I wanted to give up, even when I was in the depths of despair in late 2001 and it looked as though I might lose everything, including the business and the house. I just don't allow myself to contemplate defeat. This has probably made me a little harder in terms of emotions and compassion, but I can honestly say that I have never thought of giving it all away, I don't think I could, I think I would feel infinitely worse if I threw in the towel. Instead of the immense relief that you might think someone would enjoy if they gave away their business, I think I'd be devastated and lost in terms of what to do with my life.

Short of an emergency with family or friends, it is difficult to imagine anything as bad as 2001 ever happening again. Since that time, I have gained strength from the knowledge that I will always continue, and I now seem to operate at a more of an 'even keel', with little stress and panic. If I had the chance to change that experience, I don't think I would because the lessons I learnt have been profound. Although the prospect of retrospective correction is an interesting one, I don't think I would change a thing. It hasn't all been 'beer and skittles', but the journey has been fun.

What are some of the most important life and business skills you've learnt on your journey to becoming a successful entrepreneur?

Fairfield Boys' High, in the western suburbs of Sydney, where I went to school was far from a bastion of fine education. It was a tough environment with racial fights, drugs and crime and you had to become street-smart pretty quickly. I played a reasonable level of rugby, which taught me respect for others, and about the benefits of teamwork.

When I left school I worked in the hospitality industry, which taught me about class structure; from the public bar, to the fine dining restaurant and high-end cocktail bars, I learnt that each patron deserved respect and

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courtesy, but that it had to be delivered in a different way. I also spent time in the Royal Australian Air Force and later as a policeman, and through these experiences I gained the discipline required to manage people, irrespective of their rank, cultural background or seniority. This is where I also learnt one of the most valuable lessons, which was that although the client may not always be right, they are always the client, and therefore of paramount importance. When I was selling sweepers,

I learnt the greatest lesson of all – it is easy to sell something if you believe in the product and it is important to speak about your product with passion, it should never sound rehashed or rehearsed. If you don't believe in your product, and if you cannot speak about it easily and from the heart, you have to question your integrity.

My experiences have forced me to concentrate on my skills and weaknesses, and as a result, I have been able to enhance my life and the success that has followed. All of this has made me become a more well-rounded family man and community leader.

What's one of the funniest things that has happened to you in your business life?

In March 1996, I went to Atlanta with a view to gaining accreditation and organising accommodation for the Olympic Games later in the year. My intention was purely to observe, so that I could gain knowledge for our bid for the Sydney 2000 Olympic Games' cleaning contracts. I arrived at the organising committee headquarters in downtown Atlanta and went to reception, bold as brass, and asked to see the head of the cleaning and waste group.

I was ushered into a large meeting room and I remember thinking ‘This is one hell of a big waiting room!’ Over the next twenty minutes, people poured into the room, about 50 in all. After a short wait, a big guy with a southern accent stood at the front of the room and asked everyone to stand up and congratulate the people around them, as we had all been awarded contracts for the 1996 games. I thought, ‘How good is this, I hadn’t even thought of putting a bid in!’ I had arrived on the day that the contracts were announced, and been shuffled into the wrong room!

We later won the rights to the Sydney Olympic Games. This was a great coup and a real win-win for both us and the organising committee. Our experience, based on what we learnt in Atlanta, was second-to-none, and as a company we were hell-bent on making the Sydney 2000 Games the most well presented event in the world. We achieved that and more, even representatives of the Walt Disney Company commented on the cleanliness. The games were great, the client was overjoyed and we made money.

What are the most important things you have learnt about succeeding in business?

The most important success lesson that I’ve learnt is to be ‘humbly arrogant’. What I mean by this is while it is great to be proud of your product and your people, you need to ‘know when to hold them, and know when to fold them’. That means you have to know when to let go. Although you may see things as your projects and therefore ‘your babies’, you have to innovate as time goes by. So humble arrogance is about having faith in your product without sounding like a salesman!

I also think there are too many people that place themselves in subservient positions with clients, and potential clients, rather than standing up and showing that they have knowledge that could assist with a particular problem. They are way too concerned with selling the product instead of actually solving the client’s problem. It is imperative that you understand the client’s needs in order to tailor a solution that suits their purpose. It

doesn't have to be the least expensive solution, provided that the relationships are right; I work very hard on building sustainable relationships.

Being in the position where you now employ thousands of staff around the world, what are some of the most important lessons you have learnt about leadership?

The most important lesson is *constant communication*. Communication is the lifeblood of business, but at the same time too much information can become the basis of distraction and concern. Communicate evenly and openly, but be conservative with some of the content. Be consistent in delivery and act with conviction and confidence.

Staff training is also a key focus in our organisation. It is important that everyone knows what they are doing and how their role contributes to the organisation, so that they can share in the company's vision. My way of running the business is to lead from the front and encourage my team to follow me to the line. I like them to know that I am also here for them if they fall over, but they must acknowledge that they have legs and they should use them.

What do you think are some of the essential characteristics of a successful entrepreneur?

I think what makes a successful entrepreneur is a combination of humility, an inner drive that wants nothing more than to succeed and the love of the hunt or the thrill of the kill when it comes to securing new business. Having said that, it is also important to conduct a business with compassion. This is something that I am not renowned for, but that is only on the surface, deep down I am a softie. I love nothing more than to see people try as hard as they can (irrespective of the ultimate result), as long as they can say they have had a go. This is what I look for in people when I create a team.

This leads to basic people skills such as understanding and patience with those who work for you. Sometimes you might get frustrated because other people don't necessarily think with the same depth or breadth, or at the pace that you do on a daily basis. But you must remember there is nothing wrong with that, that's why they are working for you – you are the big picture person and they are the people that can help you bring your dreams into reality.

In my personal life, the quality of my handshake and my word is my integrity – no one can ever take these away from me and I protect them with my life. People feel they can trust me and because of that they trust in the business. I believe having integrity and honesty are probably the most important personal qualities of successful entrepreneurs.

Another personal attribute is *knowing* that you can do it, no matter what. I don't have any tolerance for the belief that luck is an attribute of success – you have to be out there looking for opportunities, putting yourself in the places where things can happen. That is opportunity seeking. Winning lotto isn't luck either, where did the ticket come from? Did you go and buy it? Then it was with purpose. Did someone give it to you? There must be a reason why!

What are some of the ways people can go about deciding what type of business to get involved in?

You should look at what your strengths are, rather than the actual vocation that you are in. I went from hospitality manager, to policeman, to sweeper salesman, to global businessman. They are all different with no obvious link. But the real skills you learn along the way, the ones that lie beneath the surface, are the ones that decide your fate. Be honest with yourself about your skill set, and remember this

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piece of advice, 'A good plumber does not necessarily run a good plumbing business.'

I think more than anything, you just need to get out there and have a go. At least give yourself a chance at creating your own destiny! If you have the energy, then get on the dance floor, if you don't, then stay in the stands and be of great support to those who do!

It is very common for business owners to become consumed by their businesses and become 'workaholics' – did this happen to you?

Of course I have become a workaholic! I love what I do and where I do it. The greatest challenge to overcome when working in your own growing business is to attain a balance between yourself, your family and your business. We have two great kids who have ridden the storm of business growth and shared the ups and downs, in reality we should have had six kids but the business was the blockage.

Balance in life is important to every business, and the constant need to check and recheck my balance sits high on my agenda. There is always a way to achieve balance in an entrepreneur's life, but the family has to be flexible as well. I get this balance right most times, but it takes great focus and concentration. I tend to combine elements of my business and family life with each other to gain the required balance. For example, during the 2004 Olympic Games I spent a lot of time in Athens, but I balanced that by having my family spend some time there on a holiday too.

What are your top tips for becoming a successful entrepreneur?

1. Work *smart* as well as hard.
2. Treat others in the way that you would want to be treated yourself.
3. Reward creative thinking.
4. Allow and encourage individuality.

5. Never ask someone to do something that you haven't done, or wouldn't do yourself.
6. Remember the way up, as you may need steps coming down.
7. Consider active and passive mentors, and make an effort to model their successes.

You are an active member of the Young Presidents' Organisation (YPO). What exactly is it and what are some of the activities the organisation is involved in?

YPO is an invitation-only networking group of like-minded individuals who want to achieve success. It's full of people that have everyday issues, which seem to have common ground, irrespective of their cultural or religious background. It's a powerful self-development and business tool, that causes one to reflect and consider the 'whole of life', including the importance of family and friends. I really enjoy the involvement I have with this organisation and being able to surround myself with people who share the same type of aspirations and motivation that I do.

Who are the mentors that have inspired you and what important lessons have you learnt from them?

There is no doubt that Ron Kirwan was my very first mentor. He instilled a feeling of trust that allowed me to be confident about what I believed in and what I was capable of.

I have an avid faith in mentors, both active and passive, and it is my opinion that everyone should have both types in their life. With active mentors you have a formal commitment to meeting and discussing the issues that are causing you concern, and that provides a platform for two-way communication. However, it is the passive mentors, those that you model all or part of your life on, which give me the greatest inspiration and relentless drive to succeed. Passive mentors are those that may not necessarily be part of your life, but are people whom you admire from afar. I gain motivation

from autobiographies about successful people and the challenges they have been through to get to where they are in life. Over the years, I've developed the skill of drawing on their mentoring in a passive way to suit my own purposes.

I have many passive mentors, in particular:

- Richard Pratt, the Visy Paper king, who has taken on the world and won despite the odds and who has the greatest respect of his people.
- Richard Branson, whose Virgin brand is second only to the brand he has created for himself.
- Rudy Giuliani, who dared to stand in the face of the most crime-corrupted city in the world and succeed where others said, 'No way'.

What do you see as the future for Cleanevent over the next decade or so?

The platform we have built at Cleanevent, spanning Australia, the USA and the UK, needs to be expanded. Over the next five years we will spread out into new locations and grow the business organically by 150 per cent, while at the same time looking for strategic alliances that enhance the business base and contribute to our diversification. We also want to grow into China and other parts of Asia, and in the long term we are looking at investing in an IPO or trade sale.

But the really exciting thing on the near horizon is the rollout of our new brand, CleanDomain. For some time now we have watched as many public assets (such as airports, retail precincts, boardwalks, markets and so on) have been privatised, both in Australia and around the world, and we have developed an operational product that focuses on this niche.

We 'soft launched' the brand on 1 January 2005, right under the radar of our competitors – they didn't even see us coming. We have attracted many key personnel from the cleaning industry, who have become disenchanted with the traditional philosophy that 'cheap is best'. We have brought these

people into a business that has always tried to match quality with cost effective options, and effectively managed its deliverables. People are our business – always have been, always will be.

It has been sensational; we more than doubled our business in Australia in the first six months of this year, and we'll now spend some time developing the operation before taking this brand and approach to our overseas markets. It's like starting the whole thing over again – lots of excitement, passion and drive, and the *thrill of the kill* is a weekly occurrence!

THE VALUE OF IP

Trevor Choy



TREVOR CHOY

“ Trump’s branding is so well known that people are happy to pay a huge mark-up just to own part of a Trump building. So we can definitely say that the Trump wealth creation machine is not so much a real estate engine, but a branding engine. That’s pure IP. ”

TREVOR CHOY

Trevor Choy was born in Malaysia in 1971, the elder of two children. He migrated to Australia with his family when he was seven years old and quickly distinguished himself at school winning academic prizes, scholarships, skipping one year and being accepted into the Victorian Government's Gifted Children's Acceleration Program.

Trevor launched his first enterprise at the age of fourteen and used the experience to learn about the ups and downs of business life. His next foray into the business world came when he found himself without money during his first week of university. He took on a part-time job selling newspaper advertising and quickly progressed to become advertising manager. Shortly after, he began working as a consultant to the advertising industry.

In the meantime, Trevor completed his law degree at Monash University and began working for a commercial law firm. After experiencing various areas of business law he decided to start his own firm, focusing exclusively on intellectual property.

Today, Choy Lawyers are known as Australia's leading experts on advertising and branding law. They advise companies on the protection and use of their intellectual property, and in 2005 were voted the Best Intellectual Property Law Firm in the Australian Law Awards. Trevor's ultimate goal is to help businesses successfully develop world-class brands that cannot be copied by competitors.

Trevor lives in Melbourne, and in his spare time travels to coral reefs to scuba dive and develop his underwater photography skills. On weekends he skis and is taking gliding lessons, and despite having incurred too many speeding fines, he has an abiding passion for sports cars.

What was your first business venture and what did you learn from it?

I first became interested in business at the age of twelve and when I was fourteen, I started a mail order business selling camping equipment. Through this I learnt about the importance of brands and delivering what customers want, how to market products, how to manage trade finance and so on. My interest in business grew from there. I also learnt the value of surrounding yourself with the right people. My friends at the time told me that it was wrong to buy something and then sell it for a higher price, but I disagreed. It was then that I knew I would have to make my own independent decisions if I was to become successful.

Why did you decide to become an intellectual property lawyer?

I was working as a young lawyer when I discovered that while many intellectual property (IP) lawyers are strong on patents and technology, most are weak on branding and trademarks. I was working in the advertising industry and believed that I understood branding better than most, so I decided to establish myself as a specialist and fill the gap in the market.

I had a lot to learn. Most subjects at law school only teach abstract concepts, they don't even teach students how to actually practice law, and they certainly don't teach you how to become a successful businessperson. In order to acquire this knowledge, I attended almost every seminar conducted by successful businesspeople in Australia!

I get a lot of enjoyment from what I do because I love the sense of achievement. The satisfaction of a successful deal brings with it a great mental reward and enough energy for the next set of challenges. Above all, I love being able to solve my clients' problems and seeing how happy that makes them – even hardened, experienced businesspeople can surprise us with

“ So I felt I had no choice but to start my own firm.”

their reaction to a victory. And I have to admit, the financial rewards are an added bonus as well!

What made you decide to start Choy Lawyers?

I was unable to find a firm where I would be happy to send my clients. I treat my clients as friends and I feel responsible for their legal position, so I am determined that they must be taken care of. I figured that if I could find a law firm that would take genuine care of my clients, it would be a good place for me to work, but despite spending several months researching law firms and speaking to lots of people, I didn't have any positive results. So I felt I had no choice but to start my own firm.

I started Choy Lawyers to offer the best and most practical intellectual property advice to clients. I wanted to be able to look my clients in the eye and honestly say, 'You will not receive better legal advice anywhere else in Australia.' That way I knew I would be able to get great clients, develop great contacts and be involved in great deals. Also, I wanted to create an environment that was friendly and supportive of employees, which unfortunately is something that is quite rare among law firms.

One of the great things about being a commercial lawyer is the multitude of opportunities that cross my desk. People are always asking me if I would like to be involved in one business opportunity or another. For every genuine opportunity, there are lots of duds, so for me it is vital to choose wisely and focus on areas where I already have strengths.

I plan to continue the momentum of my current activities and to continue building the business. I aspire to constantly improve my business to suit my clients, my staff, and of course, my own needs.

What is intellectual property (IP) and why do you think it is important?

Intellectual property laws protect certain classes of intangible ideas and concepts. From a business perspective, it is my belief that this is currently the most important and valuable asset class, and it will become even more so in future.

If you look back just twenty years, you'll find that IP counted for less than twenty per cent of the value of the average company – today it's well over 50 per cent. That's a huge dollar amount of difference in just a short period of time. The best young entrepreneurs are those who realise that the fastest way for them to make large sums of money is to create valuable IP. That was what drove the technology boom during the nineties, and it's the same thing that drives great companies today. Bill Gates is the richest man in the world because of the value of Microsoft's IP.

Even people in the property industry can make money from IP; Donald Trump is a good example. 'The Donald' is skilled at making money through real estate deals because he's a good developer and keeps costs as low as possible – but there are plenty of other developers who are just as good at keeping costs down, yet they don't make as much money. Why not? The answer lies in Donald's IP. The TV show *The Apprentice* is a clue to The Donald's genius. His brash self-promotion is where he makes his money. By behaving like the rock star of developers, he attracts a huge amount of attention from people who aspire to live the Trump lifestyle (and no, he doesn't hide the fact that he is the keeper of the Trump brand). This is precisely how he makes his money when selling his properties. Donald Trump's branding is so well known that people are happy to pay a huge mark-up just to own part of a Trump building – often they'll pay several times more than they would for a comparable building. That mark-up is the reason for The Donald's fat profit margins. So we can definitely say that the Trump wealth creation machine is not so much a real estate engine, but a branding engine. That's pure IP.

Take another example – Richard Branson. Do you think he knows anything about running an airline? Or credit card finance? Or mobile phones? He's a smart guy, but I doubt it. He is not an expert in any of these areas. But he is an absolute master at promoting the Virgin brand, and extending it to areas where it can fit comfortably and strike a chord with consumers. Do investors buy Virgin Blue shares because of the value of the airplanes? I don't think so. They are paying for a piece of the Virgin brand.

What are the different forms of IP and how can they be used?

There are four main forms of intellectual property:

1. *Patents* – These protect inventions such as a new kind of car suspension, or a device to recycle water. Generally, it is physical technologies that are protected by patents, but some forms can be very unusual, for example, Toyota has patented a system to use existing (and some new) lights on a car to convey the mood of the driver.
2. *Registered designs* – This type of IP protects the look of a product. The difference between patents and registered designs is that patents protect the way something *works*, whereas designs protect the way it *looks*. For example, the design of a chair rather than its massage feature, or the visual features of a desk lamp.
3. *Trade marks* – Trade marks protect brands. In Australia, this doesn't just include names and logos, but also colours, shapes, smells, sounds and packaging. For example, a trade mark protects the Coca-Cola logo as well as the hourglass-shaped bottle, and the Intel Inside tones are a sound trade mark.
4. *Copyright* – This is the most commonly known form of IP and protects a wide range of things, including computer software, artwork, architecture, photographs and more. For example, copyright protects the Walt Disney range of characters.

Why do you believe that it is so important for businesses to make IP protection a priority?

People don't realise that copying in itself is not illegal, unless the thing being copied is covered by IP protection. Not every idea or concept will be protected, so it's important to make sure that yours is. One of the best ways to take sales away from a competitor is to copy them and steal their customers – every business needs to protect itself against this.

Imagine if you could buy a car that looked like a Porsche and had a Porsche badge for the same price as a Toyota Corolla. Porsche would go out of business the very next day, because their wealthy customers would no longer be willing to pay full price to drive a car that looked like something anyone could afford. At the opposite end of the scale, I have a client that operates a large chain of retail shops around Australia. It's famous for having a distinctively decorated storefront, which screams out to passers by. If competitors copied this storefront, customers would probably go to the competitors because they would expect the same bargains, the same stock and the same great value.

There are consequences for neglecting IP. Kambrook invented the power board, but lost the market to cheap imported copies. Robert Kiyosaki in his books and seminars tells the story of how his invention, the Velcro surf wallet, was copied by other manufacturers and his business was destroyed because he failed to protect his IP. Since then, Robert has been obsessed with protection, not only does he take out protection, but he 'creates with a view to protectability'.

“Toyota has patented a system to use existing (and some new) lights on a car to convey the mood of the driver.”

Will getting IP right lead to business success?

No. The old saying ‘If you build a better mousetrap the world will beat a path to your door’ is wrong. There are a large number of incredibly talented inventors whose terrific creations are sitting in their garages gathering dust. Success is not only based on having a good idea and getting IP protection, although this element is extremely important. Success happens when you also know how to take the product to the marketplace – and that’s not as easy as many people think.

Every few days someone will ask me, ‘Do you think this is a good idea?’ I usually say, quite politely, that ideas by themselves have limited value. They are only good if they are turned into good businesses and that requires the path from idea to market to be properly cultivated. I would rather start out with an average idea, but know how to get it into the market, than have a brilliant idea without a clue about how to organise manufacturing, finance, distribution and marketing. Of course, a brilliant idea combined with the right knowledge and contacts can be absolute dynamite.

How long does your IP last once registered and how much does it cost?

Both time and cost can vary according to the IP class. An IP can range from a few years to more than a lifetime. Literally, some types of copyright last for the creator’s life plus 70 years! As for the costs, for some companies it can be as little as \$2,000 while for others, particularly pharmaceutical companies, it can run into hundreds of millions of dollars. But, before you jump on the bandwagon, it is important to note that not everything can be protected by law. In fact there are a lot of things which cannot be protected.

Another point worth mentioning here is if you suspect that another individual or company is planning to, or actually has breached your trademark

or copyrighted materials, you will need to find out as much as possible about the breach. You should investigate by buying samples of the infringing product, collecting examples of associated marketing materials and finding out how much infringing product has been sold. The more information you have, the better your legal case. You should then show your findings to a lawyer who specialises in IP infringement or who has experience in similar cases. They'll advise you how to continue. For more information about how to protect ideas and information there are two websites you can go to:

- www.ipaustralia.gov.au – This is the official government website for IP in Australia.
- www.choylawyers.com.au – My website has advice on protecting brands.

What were some of the challenges you faced getting your business up and running?

For the first twelve months, I had enough clients to pay the bills, but my own income was less than impressive. I kept overheads low and we concentrated on delighting clients with our service so that they would recommend us to their contacts. With this strategy, I hoped that in time I would be able to get the business to the stage where it would start generating lots of positive cash flow.

One of the challenges I faced in the beginning was balance. It was hard to balance working *on* the business, while working *in* the business, and honestly, I don't think I have the right balance yet. However, I do spend a lot of time addressing it and have now systemised a good chunk of the business. Having said that, we operate at the high end of the market, where legal work is beautifully tailored to fit clients needs, based on carefully developed strategies and attentive analysis. As such, there are many aspects of our service that are difficult to systemise.

“ Billionaire investor, Warren Buffett, applies this same principle. He describes his business as ‘hunting rare, fast-moving elephants’.”

What were some of the challenges you had to overcome on the journey to achieving your personal and business goals?

The main challenge I faced was the mentality described in Robert Kiyosaki’s book, *Rich Dad Poor Dad*. I grew up in a professional, middle class family where being a doctor was the ‘Holy Grail’ – ‘study hard, get good grades and become a successful doctor’. While this is a great way to become a well-respected member of the community, it does absolutely nothing to develop your entrepreneurial

abilities. It took me years to accept the fact that doctors and lawyers are self-employed, not businesspeople, and once I accepted this I had to fight the natural momentum of my career to turn it in another direction. This went against the advice of many well-meaning friends, and I again saw how environment can have a huge impact on one’s life decisions. I had to make sure that I surrounded myself with people who were more supportive of my business.

Even now, many of my friends are highly paid professionals (lawyers, doctors, dentists), while only a handful are true businesspeople, and most of them I have met as clients who needed intellectual property advice because they were building business value.

What is the biggest mistake you’ve ever made in business and what did you learn from it?

I trusted a friend who stole a large amount of money from our business and crippled it so fatally that it was sent it into insolvency. In hindsight, I

was too forgiving of minor transgressions when I should have been more vigilant and aware of the signals – what might appear to be a small risk at the start can turn into a huge, clumsy, time-consuming mess. I have since learnt to choose my business partners very carefully, and to ignore promising opportunities unless I am 100 per cent confident in my partners.

What do you think are some of the essential characteristics of a successful entrepreneur?

I think it depends on the type of entrepreneurship. Some entrepreneurs love being hands-on and for them, determination and diligence are great qualities. They are successful with businesses where these qualities are vital, such as retail. You can't build a huge retail chain overnight, it takes a lot of determination and diligence to deal with the constant flow of small problems.

Other entrepreneurs want to 'hunt big game' – doing occasional, short-term deals and making a fortune each time. For this type of entrepreneur, contacts and an appetite for huge risks are very important. One example is a friend of mine who works at what is commonly called the 'Millionaire Factory', Macquarie Bank. He makes his living as an investment banker and out of every ten deals that he works on (putting in lots of time and effort) only a small number, perhaps one or two, will come to fruition. Billionaire investor, Warren Buffett, applies this same principle. He describes his business as 'hunting rare, fast-moving elephants'. Because of the amount of money he manages, he can't do small deals, only huge ones. I am a big fan of Warren Buffett and thus, I also invest in the share market.

Overall, entrepreneurs have to carefully assess each opportunity, and see if it has a natural 'fit' with their skills, contacts, resources and experience before proceeding.

Who are the mentors that have inspired you and what important lessons have you learnt from them?

I am inspired by a huge range of businesspeople and have learnt many of their lessons from their business biographies, these include:

James Dyson of Dyson Cyclone Vacuum Cleaners – Dyson is an inventor who has shown me the importance of having a vision. Dyson has struggled against huge odds and gigantic competitors, to build a company that continues to produce innovative products which lead the market. Many companies can be one-hit wonders, with only a handful of successful products before they stagnate, but Dyson has continued to innovate.

Ricardo Semler of Semco Ltd – Semler is a management visionary and someone whose ethics I personally mirror. He reminds us that employees are human beings and should be treated like adults and equals if they are to reach their full potential. Semco is one of the most sought-after employers in Brazil, which is a country not known for great working conditions.

Richard Branson of Virgin – The job of all bosses is to build an environment in which employees are encouraged and cared for. Branson does this by advocating terrific leadership lessons, and the need to inspire the team. Because of his leadership, the Virgin group of companies enjoys a cult-like loyalty among its staff. It's not uncommon to see Virgin staff wearing red hats with Richard's signature on the visor. In how many other companies would staff members be proud to wear hats autographed by their boss? Also, there is hardly any better company than Virgin to illustrate the importance of intellectual property and branding.

If anyone can succeed in business no matter what their background or circumstances, what do you think holds people back from becoming successful entrepreneurs?

Because I started my business career at a very young age, I faced most of the challenges early on, at a time when I was too ignorant to perceive them



as large hurdles. I lacked knowledge, but I didn't realise how much I was missing. I went into business anyway, and experience turned out to be the best teacher. As a result, I never had to struggle with the biggest challenges that new businesspeople face, such as fear or a lack of confidence. Have you ever watched children as they learn how to ski? If you do, you'll see that they pick it up faster than fit, athletic adults because they are not held back by fear.

I was lucky to always see business as an exciting activity. I think this willingness to take the plunge, and the desire to continue intelligently down the path until we find success wears out as we grow older. It's this which holds us back from becoming successful entrepreneurs.

Books and financial gurus talk about 'having the right mindset'. It's tempting, especially as someone who is a commercial lawyer, to dismiss this as new-age drivel designed to sell more seminars and CDs – we are very practical people who believe in tangible things. But it's true; lacking the right mindset is a problem that I often see. I have observed incredible offers being made to people who are just too blind or too scared to accept them.

What are the most important things you have learnt about succeeding in business?

I have learnt to do things with passion and to stick with what I know. My failures have come from choosing areas where I lacked the experience, knowledge and contacts and where I have had to waste valuable time trying to learn completely new things. Although I am a fast learner, these occasions have rarely been successful. The effort needed to adjust to new issues and problems has taken my attention away from day-to-day problems, which are equally as important.

On the other hand, my successes have occurred in areas where I am already very experienced and well connected. It's been easy because when we run into trouble, I can simply pick up the phone or do some research to find a solution within a few minutes. By concentrating on my strengths, I have further consolidated my expertise in that area and have learnt profound lessons.

This experience has been shared by many of my firm's successful clients. These companies know the precise boundaries of their areas of competence and they stubbornly refuse to step outside of them without very compelling reasons. As a result, they end up growing stronger and stronger, and completely dominating their niches. This is why I love working with them. When you surround yourself with like-minded people you are often able to generate a positive environment. Unfortunately, in the legal industry you can get a lot of backhand dealers and swindlers too. However, my clients and my staff are of the utmost quality and I only support people in whom I have absolute confidence.

What advice would you give to an aspiring entrepreneur who wants to get started in a business of their own?

Research is a key factor. If someone wanted to get started in a business of their own then they should definitely get experience in the industry. The main mistake that many start-up business owners make is *not* knowing

the value of the different components that make up a business. They spend too much money on some things and not enough on others. You need to find a fiscal balance and ensure that it is feasible.

Once they have done their research, they should start their own business if, and only if, they feel they can be an individual in their field. One key task for every entrepreneur is to differentiate his or her business from the competition. Too many businesses look, feel and behave the same as each other, and naturally they all lag together. Differentiation is the key to success and I have first hand experience showing that differentiation through intellectual property is one of the best strategies.

Finally, don't become discouraged and don't make excuses. If you think it's too late for you to get into your own business, then you are thinking nonsense. The bigger problem is rushing into the wrong business, which underpins the lessons above – that you need to research and explore your own skills.

What is a typical day in the life of Trevor Choy?

A typical day in the life of Trevor Choy would be structured much like this:

9am	I wake up quite late compared to other lawyers.
10:30am	Arrive at the office and start returning calls and sifting through my emails, deciding which ones to reply to immediately, and which can wait until later.
11am	Check through letters and documents produced by my team.
1pm	Eat lunch at my desk and continue replying to emails.
2pm	Meet with clients, these are usually long meetings discussing their needs and what we can do for them.
4pm	Meet with team members to discuss their current work. This is important because it keeps my staff accountable for their work and makes sure that I stay on top of things

and know exactly what is going on in the business. It's sometimes a danger for the boss to become too far removed from the people he employs; in the long run, that's not healthy for the business.

6pm	Write letters or articles.
8pm	I usually go out for dinner.
9pm	I go to the gym and make sure that I stay fit. This is really important as it can sometimes be neglected in my line of work.
11pm	Read or watch TV.
12:30am	Go to bed.

When I am not working, I have many hobbies which I like to do in my spare time. I love outdoor sports including skiing, jet skiing, hang gliding, scuba diving, motor bike riding and driving. My current obsession is underwater photography. I also love to read, mainly business biographies.

What books would you recommend?

My favourite books are:

1. *Maverick* by Ricardo Semler – Semco's experiment in treating employees like adults works brilliantly. This showed me the value of my staff and how to deal with them as equals.
2. *True Professionalism* by David Maister – This is a good reminder of what professionals are there to do.
3. *Creative Company* by Andy Law – The story of a London advertising agency that successfully broke the rules, which illustrates the importance of creativity and imagination in successful business solutions.
4. *Cashflow Quadrant* by Robert Kiyosaki – For me, this was a reminder of my biggest problem and the importance of solving it. It shows you how to look at cash flow, ways of solving problems and making sure there's enough to finance any decisions that need to be made.
5. *Raving Fans* by Ken Blanchard and Sheldon Bowles – Important lessons on customer service.

What are your top tips for becoming a successful entrepreneur?

Model success – There are many successful people out there. When you take the time to study the steps they have taken you'll be inspired and motivated. You'll also learn what they did wrong, so that you don't make the same mistakes and have to suffer through the same experiences.

Pay suppliers on time wherever you can and keep them loyal – Suppliers are invaluable and the last thing you want to do is cross them. Make sure you make them feel like there is a real partnership – you will regret it if they start helping out your competition.

Be prepared to sacrifice other aspects of your life for success – Success does not come easily, and often, it comes at the expense of other activities in your life. You may need to put some of your other hobbies and interests on hold for a while.

Treat your staff better than your competitors treat theirs – Your staff are the key component of your business. You need to treat them as equals; happy staff create happy customers. If your staff are genuinely passionate about their work, people can sense that.

Build a brand – Brand names build loyalty and recognition, which leads to greater market share and growth in the industry. Building a brand creates an identity for your product and ensures that people have an image of what makes your company different.

Keep a record of all your business undertakings – Legal disputes are resolved by a judge who assesses evidence. Written evidence carries much more weight than verbal evidence, so having a witness to something is generally of little use. It is much better to have a good diary note, or better still, a written agreement. Make sure that you have a record of all business and

“ Semco's
experiment in
treating employees
like adults works
brilliantly. ”

financing deals to ensure ‘protectability’. It’s also good to have a stringent record of everything in your business so that you know what you have done and what you need to do.



FREE BONUS GIFT

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Collection Of Intellectual Property Articles – Trevor Choy, managing director of Choy Lawyers, voted Australia’s Best Intellectual Property Law Firm 2005, shares a range of useful hints and tips for successfully naming, branding and protecting your business. A must-read for any serious entrepreneur.

Simply visit the website below and follow the directions to download direct to your Notebook or PC.

www.SecretsExposed.com.au/male_entrepreneurs

ON AND OFF LINE

Jim Zavos



JIM ZAVOS

“ Your business is only ever as good as its people and you get what you pay for. If you employ the right people and you pay the right money, they’ll do the right job. ”

JIM ZAVOS

Jim Zavos was born in Adelaide in 1963, and had his first taste of business through a share in the family deli. In 1982, Jim started one of South Australia's first video libraries, which led to him owning and operating a chain of video stores.

In 1996 Jim read about the introduction of a new technology, the Digital Versatile Disc (DVD), and instantly recognised the market potential for this improved format. For the next couple of years Jim kept a careful eye on the DVD market internationally and travelled to the USA to see the potential of DVD retailing first-hand.

By 1999, Jim had pioneered the introduction of DVDs into Australia by launching www.ezydvd.com.au, an online store. By 2001, EzyDVD had established itself as a serious online destination for DVD buyers, but many customers were reluctant to submit their credit card details and Jim realised that a network of specialist retail stores was the most viable solution.

The first EzyDVD retail store opened in Adelaide in April 2001 and was a huge success from day one. By the end of 2001, EzyDVD had a booming online business and three specialist retail stores, which were developing rapidly. To keep abreast of the enormous demand Jim decided to expand the business by franchising. The first franchise store was opened in October 2002 and there are now 42 EzyDVD franchises, with plans for many more.

Jim and his wife Kaye have three young children and when he's not working, Jim enjoys spending time with his family and watching sports – especially AFL football.

When did you and your family first realise that you had an entrepreneurial flair?

When I was about thirteen or fourteen, my parents bought a fish and chip shop. I worked behind the counter, serving customers and helping to count the cash at the end of the day. Although it was just a fish and chip shop, I was really interested in all of the ins and outs of the business. It wasn't because I thought I was going to make lots of money, it was more the feeling of having some control over my destiny. This was really my first experience of the entrepreneurial spirit.

My parents went on to sell that business and I went on to find other jobs. The next time my interest in business came out was when I sold newspapers, even then I was really driven. The newsagent had a deal which was that if I collected money from every single household, I received a \$2 bonus. I can remember it like it was only yesterday, I collected money from every household and often I would go back to a house ten times to make sure I'd collected, so I knew I would get my bonus! I also collected newspapers in front of the Kmart store and delivered them to the manager's office every day. The manager was so impressed that he offered me a job. I was soon collecting trolleys after school and before long I had a full-time job at Kmart and was promoted to training manager. I stayed there for a couple of years.

At the age of eighteen, I worked in my uncle's delicatessen and accepted a 50 per cent partnership. It felt great owning and operating my own business with my uncle. It was then that I knew business really was my thing. This gave me the incentive to start my own video shop at the age of nineteen.

How did the idea for EzyDVD come about?

As I mentioned, my background was originally owning and operating video stores. It was 1996, and I was operating six video stores when I read about a consortium held by Toshiba. It was about a new video format called Digital

“ I came back to Australia and started preparing for the launch of DVDs in this country...”

Versatile Disc (DVD). At that stage, people wanted to collect movies in the same way that they collected music, but the problem was that the only format available at that time was video tape, which seemed to deteriorate rapidly in quality after you had watched it a couple of times. Also, aesthetically they weren't very enticing to look at. I knew that CD was a format that people around the world had accepted and adopted. Knowing this, and with my

background and expertise in video, I knew that being able to deliver movies on a CD that was virtually indestructible would be an instant success with the consumer. I decided to pioneer the introduction of DVDs into Australia by launching www.ezydvd.com.au as an online business in 1999. We began as a one-room operation and have grown to become a niche marketer generating millions of dollars in sales each year. EzyDVD is Australia's only specialist DVD retailer, and it has filled such a gap in the market that we are seeing great advances in growth, value and profit margins.

Did you do a lot of research to ensure that there was going to be continued demand for DVD and that it wouldn't be quickly replaced by some other new technology?

DVDs were released in the US in 1998, and I kept abreast of the market there. It appeared to be doing very well, and to verify this I went on a study tour to see first-hand. DVDs had just been released in all the big department stores, music retailers such as Virgin and video rental stores including Blockbuster, I also looked at other retail outlets in the larger states. What I saw confirmed that DVDs would be a huge success and that they offered tremendous business opportunities. The potential of DVDs to replace video and become the next goldmine was evident. I came back to Australia and started preparing for the launch of DVDs in this country in time for Roadshow to release the first DVDs here in 1999.

Once you had the initial idea for EzyDVD, how did you raise the capital required to get the business up and running?

I didn't need to raise any capital initially because it was effectively just a website. My only expense in launching the business was \$3,000 for the development of the site. The web was new back then and I developed a very basic website – by today's standards it would be an absolute disaster, it had few features and little functionality, but because it was just the beginning of the dot-com era, there were very few expectations from visitors to the site.

When DVDs were released here people didn't actually know what they were. Consumers would walk into our video stores and be fascinated by the crystal clear picture on the screen from DVDs. My business progressed from there, and it soon became evident that I had to move on from the website to retailing.

When it came to retailing the business and opening up stores, I continually ploughed profits back into the business, but I knew that I had to take advantage of the momentum that was happening right now. This meant finding new sources of capital, so, in the interests of future profit levels, I negotiated a one million dollar facility with the National Australia Bank to facilitate a national expansion program. This benefited me enormously as I was able to employ specialists in the fields of marketing, franchising and retailing. By 2003, we were expanding rapidly, but I knew that to continue our rollout of EzyDVD stores, we would need even more capital. We negotiated a five million dollar facility with the Commonwealth Bank which was finalised in February 2005.

From this, I learnt the value of good negotiation and sticking your neck out and asking for things when you need them. Most people are scared to do this, but what you need to realise as an entrepreneur, is that even if you do get a knock back, you're no worse off than you were before, so it's always worth asking. This was great because when you think about it, I started a multi-million dollar business from just \$3,000 initial capital.

What was one of the biggest mistakes you've made in business and what did you learn from it?

When I was younger, I thought I could be successful at everything I did and of course I'd had a number of experiences to back this up. For example, when I ran the family delicatessen it was hugely successful. From there I went off and set up one of the first video stores in Adelaide and that was also profitable. Thus, I thought that anything that I touched would turn to gold.

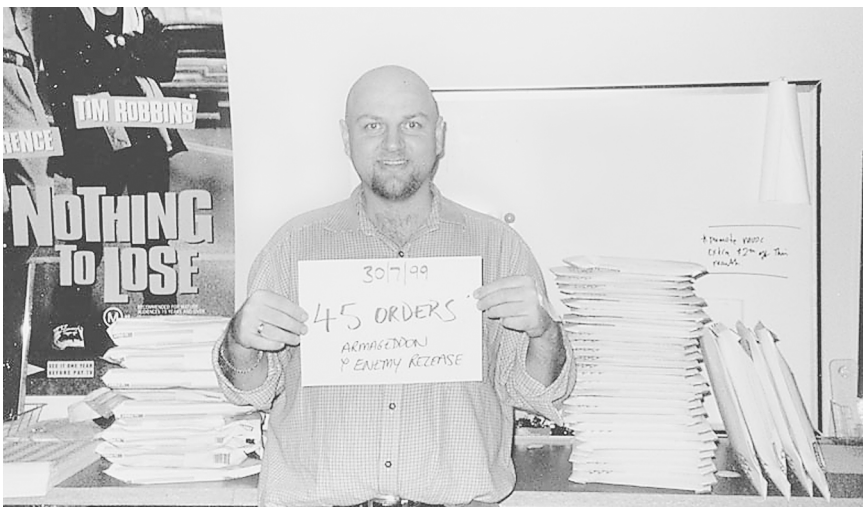
With this mindset, I heard about a coffee shop/restaurant for sale in the city. I went along, checked it out and bought it. It was the biggest mistake I've ever made and it almost sent me broke. It didn't work for a number of reasons, but mainly because it was on a different level to the other businesses in which I had previously been involved. I went from small businesses, where I could employ casual staff and family members, to a restaurant which needed 25 people (including professional chefs and waiters), with various personalities. And at the age of twenty, I didn't really have the experience to make that leap.

At the time, I was extremely regretful for having bought the business, but in hindsight it has probably been the best business lesson I've ever learnt, and it has put me in a good position for moving forward. I'm now in a position where I'm running a pretty big business again, but the difference is that I now have the sense to stop, think and plan. I'm extremely strategic about the way I run my business now. Instead of just jumping in headfirst when I see an opportunity I make educated decisions before I move forward with implementation. This is *really* important. It's okay to make mistakes in business as long as you learn from those mistakes and don't make them again.

When you were first starting online how did you learn about things like delivery, distribution and warehousing?

In the early days everything was a new experience for me. When DVDs were first released in 1999, there were only six of them (titles such as *Evita*, *Priscilla Queen of the Desert* and *The Mask*) so we didn't really need too much infrastructure or a warehouse. I began running the business from the back of one of my video shops where we used the benches as packing tables. When we first started getting orders from the website, we were only doing ten orders a week. After six months though the challenges began – by then 300 titles had been released and we were getting about 45 orders a day. That was a huge milestone for us.

At that stage we moved into a small warehouse of about 200 square metres. However, the business continued to expand at an exponential rate. The problem was that our warehouses kept growing too small! We went from 200 to 1,100 to 3,000 square metres as our orders went from 50 to 100, to 150, to 200 and then to literally thousands of orders a day. At the same time we were trying to put on more staff. Originally, we only had three or four staff, but by the time we vacated the 200 square metre warehouse, we



Jim captures a very important moment in the early days of EzyDVD.

had between fifteen and twenty staff. I guess I learnt a lot of things just through experience.

In the beginning, EzyDVD was predominantly an online company, what made you decide to expand via retail stores?

It's funny, many people comment on the fact that EzyDVD started the 'wrong' way around, making the unusual move from being an online company to trading through bricks and mortar retail stores – most businesses do it the other way, starting with retail stores and progressing online. This demonstrates how EzyDVD is a uniquely successful company. During the time of the dot-com era, I knew there was a great opportunity for me to set up a website to sell DVDs in a cost-effective way. The website operated for eighteen months and was really built on the momentum of people's increasing interest in DVDs.

By 2001, EzyDVD had established itself as a serious online destination for information about new releases and to purchase DVDs from an extensive range. However, there was a lot of uncertainty about online security back then, so we had a lot of people wanting to buy but being reluctant to submit their credit card details online. The demand for 'over the counter' sales grew rapidly and I quickly realised that a network of specialist retail stores would be more viable. I opened the first EzyDVD retail store in Adelaide in April 2001, and needless to say, the store was a runaway success from day one. The business became bigger than we had imagined and we began opening more stores in Adelaide. It wasn't until we opened the third store that we realised we were onto something really big.

I think this demonstrates that you need to be aware of the changes within your business and be flexible and ready to adapt to them. If I hadn't followed the trend to retail I would have missed out on a huge expansion opportunity. By the end of 2001, EzyDVD had an online business which was booming and three specialist retail stores which were developing rapidly. What's more, we were winning the confidence and support of most of the major studios. It became evident that our growth didn't have to stop

there and we wanted to keep our expansion going. We realised that we couldn't do it all ourselves, so we turned to franchising.

How did you learn about the franchising model and how long did it take to get your business ready?

I had no experience and no idea about franchising. I went out into the market, and through a mutual friend, found an adviser who had previously owned a franchised business. He came on board and worked with me for two years, helping me to put the right systems in place to grow to the next level. He put together the disclosure document and the structure that enabled us to go out and franchise EzyDVD.

The whole process from the initial concept to the first store took about twelve months or so. Our first franchisee opened a store in Sydney in October 2002 and by November we had stores in every state and territory.

How do you market your franchises? Do prospective franchisees approach you or do you actively advertise?

We're very fortunate in that we've already built up a brand across the country, and therefore we usually have people come to us. That doesn't mean we don't advertise, we do, but we get more enquiries from people who walk into one of our stores, look around and think it is a great concept.

Twelve months ago we decided to out-source our franchisee recruitment to a third party. We did this because we realised that franchisee recruitment is not our area of expertise. We are a retail business and as we continued to expand and undergo a huge growth spurt, it became evident that we needed to focus on what we do

“...many people comment on the fact that EzyDVD started the 'wrong' way around...”

best. We were receiving dozens of enquiries every week, which we just couldn't keep up with and we knew that we were missing out on opportunities, so we chose to use the services of a specialist. Once potential franchise owners go through that process, it comes back to us where we make the final decision.

How did your team grow so rapidly and what did you learn about leadership?

There were two challenges that I had in growing my team – first, managing people and second, managing people's expectations. When we first ran the business from the back of the video store, I pretty much was 'the team'. I was the customer service officer, I would reply to people's emails, I would place the orders, pack the orders, ship them, charge credit cards and collect the money.

As we grew, we started getting people in to do all of that for me. However, I still believed that I always did it best and I had a problem handing over responsibility to other people. I felt that the business, which was then turning over a million dollars a year, was only there because I was really good with the way I dealt with people. And I really didn't believe that anyone else could do it as well as I could.

However, there comes a stage in your life when you have to let all of that go and swallow your pride. Having to let go of the interaction with the consumer, the relationships with suppliers and the marketing was really difficult for me in the beginning. Now, the whole group employs more than 400 people.

Who are the mentors that have inspired you and what important lessons have you learnt from them?

My main mentor in business has been Brian Werner who started a company called Allphones. I met Brian through a mutual friend who knew that I

could use some help. He is an older gentleman who has ‘been there and done that’ and he really helped me to put a structure in place that enabled the business to get from one level to the next. His own company, Allphones, was a very successful business and when we met he had only recently sold it for millions of dollars and was semi-retired. He came and saw me and we sat down and had a drink. We talked about where I was going with EzyDVD and he got really excited for me and felt compelled to help. We made an arrangement that he would come on board and help me out for two years.

What really amazed me was that he wasn’t getting anything out of helping me. He was already successful and semi-retired. He was 58 years old and didn’t really want to get involved in anything else. He had bought himself a nice shack on the Gold Coast, and was enjoying his semi-retirement until we met up. He wasn’t doing it for the money and he didn’t have to come on board but he did because he genuinely felt that he wanted to help. I employed him as general manager for two years and he made it very clear at the outset that he would only help me if I was prepared to listen. I agreed! He told me that if he came to work every day and had conflicts with me then he would just walk out the door. At the very beginning he said to me, ‘Jim, I don’t want to be a partner, I just want to help’, and I trusted him.

Over the next two years Brian helped me to take the business to a level that he was familiar with. It got to the stage where there were 75 EzyDVD stores across the country and the expansion explosion was continuing. At about this time Brian said to me, ‘Jim, I don’t think I can go any further. I’ve offered you all the advice I can, but now it’s really become a different ball game. You’ve got to bring in the experts – people who have experience in managing big operations’. He had the maturity to recognise his own limits and to know when to step out. I will always admire him and be grateful to him for what he gave me. Through his experi-

“ He told me that if he came to work every day and had conflicts with me then he would just walk out the door.”

ence, he was able to help me fulfill my dream of being the biggest retailer of DVDs in this country.

Tell us about your partnership with Brazin and why, having come so far, you decided to sell half of the business.

In October 2002, we opened our first franchise store at Westfield Eastgardens and by the end of that year had ten retail stores trading. It was clear that we were doing quite well in our share of the market, but it was also evident that we still had a lot of competitors. By 2003, the DVD market had developed into an \$800 million business, and the mass merchants still held a lion's share. At this time, Brazin Ltd (who own the Sanity and Virgin chains of around 300 retail stores) were also having difficulty competing with the mass merchants on DVDs. I decided we should approach them with the view of a joint venture. As it turned out, on 1 October 2003, they bought a 50 per cent ownership in EzyDVD. This was the catalyst for rapid expansion and by the end of 2003 we had opened our thirtieth store.

I felt it was a strategic sale. In order to take the business to the next level we felt we needed to be part of a bigger structure. It was also an opportunity to realise part of my investment, but at the same time we wanted to continue to grow and we saw Sanity as one of our potential competitors in the market. So rather than continue to compete against each other, I thought that this was more of an opportunity to work together. Being a company that operates 450 stores around the country, Brazin had the expertise to take the business from where it was at that moment, to potentially 150 stores and we tapped into that expertise.

The great thing is that I am still the CEO of EzyDVD and the main decision-maker. Brazin is effectively only a shareholder in the business. I still manage the business and run it out of our Adelaide offices. The only difference is that the two directors of Brazin, Greg Milne and Brett Blundy, now form the EzyDVD Board with me and they sit down with me and give direction at meetings.

When you started to expand did people take you more seriously and were you able to get better deals on your products?

In the beginning, we didn't really have a fantastic relationship with the suppliers. To have a new kid on the block making claims that he was going to be a future huge DVD retailer didn't sit too well with the big businesses that dominated the market, such as Myer and Kmart. Thus, I wasn't able to negotiate reasonable terms with them and they made things difficult, for example, by requesting cash upfront. I source my supplies directly from studios such as Warner Bros and Universal, who originally treated me like a backyard job. I wasn't the only online retailer of DVDs, there were a few others, and they grouped us all into the same category. I wasn't really respected by the suppliers and they didn't have much confidence in the business.

However, I was soon able to change their opinion. Part of that was through Brazin. It's all about market share and what you can present as far as the market is concerned. We carry a representative market share of a \$1.2 billion business. It all comes down to numbers and you've got to be big enough to be on their radar. We did it tough for two or three years, but now our purchases and sales speak for themselves, and it was only a matter of time before our suppliers began to recognise us as a serious player in the market.

I think the turning point was also when we started opening stores in Sydney. All of the head offices of the people we deal with are in Sydney and it was difficult for them to imagine the type of business that we were operating when they hadn't seen it. Once we started rolling out stores where they were located and they saw our advertising and marketing firsthand, they really started to recognise our business for what it was.

“...on 1 October 2003, they bought a 50 per cent ownership in EzyDVD.”

What are some of the lessons you've learnt about branding?

Branding is a really important part of the business. When I was running a smaller business, it was more about advertising and recognition, so at first it was not as important, whereas today, our business is more focused on branding. We use a combination of catalogues and print media marketing to drive people into our stores as well as a number of more subtle branding activities such as sponsoring various events and associations, such as AFL clubs, and using a lot of billboards.

Branding is important because it's subliminal. It's about where you want to be ten or twenty years down the track. At the beginning, I felt like I was wasting money spending on branding. You can literally spend a thousand dollars on intellectual property and wonder where it has gone if you don't do your branding properly.

At first I didn't see that it did me any good, however, when a new company comes and has a brand and they build trust, people begin to feel comfortable when they see it and pay it respect and loyalty.

What are the most important things you have learnt about succeeding in business?

The most important lesson would definitely be to hire the right people, for the right job, at the right price. When I first started this business, I was not skilled at employing personnel. One of my biggest mistakes was just employing people who were associates, or whom I already knew. These people were inappropriate and incapable of undertaking some positions.

When I was running a much smaller business, lots of the people who worked in my video stores gained positions in the EzyDVD business, but they just weren't qualified for those types of roles. It was regrettable that over a period of time I had to replace almost all of those people with professionals who had expertise in different areas.

That's been a huge lesson for me. These days if we're looking for a marketing manager, we employ someone with a marketing degree, if we're looking for a financial controller, we look for someone with a financial background.

When I talk about the success of the business and where we are today, I always refer to the fantastic people that I employ and surround myself with. Your business is only ever as good as its people and you get what you pay for. If you employ the right people and you pay the right money, they'll do the right job.

This stems from another important lesson that I've learnt – if you stand back, you can see the forest from the trees. It's interesting that a lot of managing directors or CEOs are not prepared to do this. They don't like to hire more people. Instead they try and do everything themselves, but in doing so, they just get buried in paperwork and bureaucracy and the business doesn't grow. You've got to be very strategic in your business.

When you think you know everything, you don't, and therein lies the problem. In my past experience I thought I knew everything, but I didn't and I lost all my money. In business it doesn't matter what stage of your life you are at, you are always learning. I never pretend to know everything and I always acknowledge that I need help.

What are some of the things that you've learnt about running a successful retail business?

Generally speaking, the top tips are:

1. It's okay to make mistakes, as long as you learn from them.
2. Continue to surround yourself with good people.
3. You have to be enthusiastic and energetic. The minute you lose the plot and start to lose interest, you're just not going to have a successful business.

“ Online business still represents \$18 million a year for us...”

I think that the key to success in retail stores specifically is finding and securing the right locations. This is of prime importance to us at EzyDVD. We have a good relationship with companies such as Westfield and Lend Lease, because they know and like our stores and we have proven to be an excellent drawcard for their shopping centres. I have learnt that

you need to find out where the demand is and position yourself to take advantage of it.

How do you stay in touch with your customers and make sure that you are delivering good service, on a consistent basis?

It has always been important to me that we build good customer relationships. I believe that every successful business is built on a foundation of happy customers and I have worked to put a lot of services in place and to offer a lot of value so that we can retain customers and give them the utmost satisfaction.

One of these initiatives is our ‘customer terminal’. This provides customers with continuous access to the EzyDVD website and database of over 8,000 DVD titles. As well as this, our newly developed security system, ‘Red Tag’, allows our stores to display thousands of titles ‘face on’, providing our customers easy viewing and access to our products.

We also run customer hotlines via email and telephone and have customer response cards in our stores which customers can fill out and send through to us. We emphasise customer service because we are selling a common product, our Unique Selling Proposition (USP) is that we are DVD specialists, which includes having good customer service as well.

Do you think the internet has peaked?

I don't think that the internet has reached its peak, I think it will continue to grow, but not in the same way that people thought it would eight years ago, when everyone thought that it would take over everything. I think that the internet is limited to online-appropriate transactions, which means that many products and services, such as fashion for example, don't work well online because you can't try things on.

The internet still has a very important role to play in our business, because it's now the website that drives the stores and that's why we have computer screens and terminals inside our stores. People can browse all of our DVDs on our online catalogue. Our customers will often be browsing our site at home, see what DVDs are available and then go into the store to buy. Online business still represents \$18 million a year for us and our site is recognised as the number one e-commerce website in the country. However, its main use now is as a tool for driving people into stores.

What do you think are some of the essential characteristics of a successful entrepreneur?

I think the most important quality is vision. You need to have a precise vision of what your objectives are and where you want to go. To carry this out, you also need a strong personality that can motivate the people who will help you.

I'm always thinking or planning where we want the business to be twelve months down the track, because that's really what it's all about. So first, have a vision, and second, be able to communicate that vision with your people.

“ My business is extremely important to me, but there is nothing more important than my family. ”

How can people identify the next trends and link these to future business opportunities?

It comes down to experience. When I opened my first video store, it was because I owned a video recorder myself, but I was dissatisfied with the selection of videos available in the electrical store just down the road from where I lived. I thought to myself, ‘Hey, I can do this better’. So I went out and set up my own video store.

I think the same thing happened with DVDs. I just saw an opportunity because I thought, ‘Hey, I wouldn’t mind collecting movies. But why am I not collecting them? Because the quality is not great’. I thought there had to be a market for that. There’s got to be some entrepreneurial spirit in you and you’ve got to look for the opportunities actively. Examine your activities and try to see where you think there is a gap in the market based on your experience.

How do you balance family life and work life?

The most important thing about running a successful business is balancing it with your family as well. I find some sanity in going home every night to my family and my young kids. That’s what drives me to be successful in my business. My business is extremely important to me, but there is nothing more important than my family. I have three young kids, aged six, four and two, and they are the most important things in my life. They help me to run a successful business because they help to calm me and they lessen my aggression and stress. The family helps bring me back down to earth and that gives me enthusiasm and puts everything back into perspective for work the next day.

I’ve never felt that I was sick of this business or that I wanted to get out of it. At the same time, it’s not easy either, you have your highs and your

lows but that's the same with anything. With business or relationships the important thing is to not lose focus. It's no different when you're running a family, you need to be there to look after them, after all, you brought them into this world. I'm doing pretty well. I have a wife who understands that we run a pretty big business and she is accommodating.

What's driving you now to run the business and where do you see it going? Do you see yourself doing this for the next ten to twenty years?

I can see myself doing this for quite a while. Our objective for the next twelve months is to continue our expansion and improvement. We currently have 53 stores and we are already committed to another 25. We want 100 stores by Christmas 2005 and we hope to have 150 by Christmas 2006. That's my plan and vision at the moment, and I am focusing my energy on that. We are well-positioned to achieve this goal, as many shopping centres are keen to have an EzyDVD store. Through research, we have found that growth in shopping centres equates to sales of over \$100 million in the next financial year, representing over ten per cent of the national market share.

Our longer term business plans will include EzyDVD stores in regional areas which could easily take the number of stores to well over 150. We also aim for our projected turnover to be in excess of \$100 million.

Eventually, we would like to take the business overseas and we are going to start this by opening up stores in New Zealand later on this year. However, nothing is concrete at this stage.

AGAINST THE GRAIN

Glenn Kiddell



GLENN KIDDELL

“ We had no idea how it would be received, but by the end of the four-day show more than 250 key distributors from 30 countries had expressed an interest in us. It was an amazing experience. ”

GLENN KIDDELL

Glenn Kiddell was born in 1957 and raised in Auckland, New Zealand. Growing up he was a keen sportsman and excelled at schoolboy rowing, tennis and in Ironman events. When he left school Glenn studied marketing and became a qualified fitness instructor before embarking on a round-the-world trip that would last several years.

Upon his return, Glenn's passion for health and fitness had not abated and he began studies in naturopathy and other natural health modalities. For the next ten years he worked in his own, and other, health centres and with the Olympic Athletes' Program in Queensland.

By pure chance Glenn met Clare Matthews, who would become his business partner in VitaMan. They were both interested in creating a business in the health and wellbeing industry. Glenn and Clare spent two years in research and development before deciding to take a chance on creating the first range of men's grooming products in Australia.

Not everyone shared their belief in the potential of men's grooming and they were unable to find any willing investors. Rather than give up, they created a five-year development plan and kept working. Eventually, with money borrowed from family and friends, they started operating out of a one-bedroom apartment, creating mock-ups and product samples. Over the next four years, their faith and passion began to pay off and today VitaMan is one of the world's leading male spa and grooming brands. It is now sold in more than twenty countries and found in some of the world's most prestigious spas and department stores.

Glenn lives at Sydney's Cronulla beach and when he's out of the office you'll find him pursuing one of his many interests, including Tai Chi Sword, outrigger paddling, Aboriginal culture, archaeology, or just chilling-out with his blues guitar.

What made you decide to start your current business?

There were basically two reasons: one, I didn't like working so hard and not seeing any financial returns, and two, when the opportunity arose to join with Clare and set up a niche business, I intuitively knew that she was the right person and that it was the right time.

We spent months doing research, developing our business plan, studying the overseas market and speaking with potential investors and people within the beauty industry, and we came to the conclusion that if we established the first men's grooming brand, and if the market grew as predicted, we would be well-positioned to capitalise on it. At the time, men's grooming was a very small niche market, which was not instantly lucrative, but we believed that it was one market that would really explode. We estimated that it would take five years before it really took off, and we knew that it would be a tough journey in between to survive.

Another reason I chose to start the business was that I wanted the challenge of creating something from scratch and building it up to become successful. I also just wanted to 'have a go' and take a risk in life, to start a journey not really knowing where the road would lead, and to be happy just going along for the ride anyway. Obviously success is the goal, but at the end of the day, it's what you learn and who you become that's even more enriching.

How did you meet your business partner Clare Matthews and why did you choose to enter the almost entirely female dominated skincare industry?

I can only describe it as fate! Meeting Clare came completely from left of centre when I least expected it. I met Clare and her daughter Lauren in the lift of a huge apartment building where I was staying and it turned

“...if guys were using anything at all, they were pinching their wives and girlfriend’s products!”

out that we lived directly opposite each other. It was one of those buildings where you can go for years without ever meeting, or even seeing, your neighbours! We connected instantly and over many coffees we talked about our entrepreneurial ambitions and the fact that we both wanted to create and build a successful business from scratch. We were both aware of the growth within the wellness industry and that there were many new business opportunities

arising, especially within the huge baby boomer market. I had already considered men’s health supplements as a possibility and Clare believed that there was an opening to create a male skincare brand, as there was really nothing available exclusively for men. After much research I realised that manufacturing health supplements was not only incredibly expensive, but that it was already dominated by large, established vitamin companies, so we became focused on the idea of men’s skincare.

We chose the male market basically because guys had no access to quality products formulated specifically for men’s shaving, skin and hair care problems – if guys were using anything at all, they were pinching their wives and girlfriend’s products!

We spent months researching and learnt that although it was a very small and niche market, the growth expected over the next five years warranted taking the plunge. International market trend reports indicated that the markets for men’s grooming and spas were on the increase, particularly in the US, UK and Europe. The figures for Australia weren’t as strong and in fact the forecasts showed that Australia was many years behind. Because of this, we decided to focus on an exporting strategy so that we could tap into existing international opportunities while we waited for the domestic market to catch up. Our mission was for VitaMan to become the number one men’s grooming brand in the world.

What was the initial reaction to the idea of a men's skincare range?

I was actually a bit shocked by the reaction we received from so many people, including many already involved in the cosmetics and beauty industries. Basically, people didn't believe that there was a market for a men's range of products and they thought we were setting ourselves up for failure. Unfortunately, this negative response went across the board, and we couldn't find interested investors, even though many agreed that we had a great product and that our decision to use native Australian plants and fruits was a unique selling point. Clare and I had done a lot of research into the market and its potential, especially overseas, and we made an informed decision to proceed. Because we had more insight and knowledge than the people who were being negative, we felt comfortable in moving forward.

We eventually started with our own money and over a period of years convinced several family members and friends to lend us small amounts to keep us afloat, in return for equity in the business. Our passion and determination during those tough, early years kept us focused and committed, but there were still many times when self-doubt crept in – that's when you have to stay the strongest and work even harder. I believe that persistence is the key to seeing your dreams fulfilled. It got to the stage after a few years where we had gone so far that there was no way we were going to give up, and we decided that we would continue for as long as it took. This decision helped us to stay focused on the job – quitting just wasn't an option. Our drive to succeed also had something to do with the fact that we wanted to prove everyone wrong! A large percentage of small businesses fail within the first three years and we believed that if we could survive until then, we would make it all the way to our five-year plan. Those were the most difficult three or four years of my life, but it's a great example for budding entrepreneurs. If you have a great product and you are willing to do whatever it takes, you will succeed – regardless of what anyone else might say. And as difficult as it was, it was one of the most enriching experiences as far as personal growth, developing long-lasting relationships and having that sense of accomplishment when all of our hard work eventually paid off – relief is probably a more appropriate word – but it is

very satisfying to see how far we have come, and that feeling is a deeply personal one, which is well worth striving for!

What are the most important things you have learnt about succeeding in business?

I now have an even greater respect and admiration for all of the entrepreneurs who have gone before me and been through what Clare and I have over the last seven years (and that includes the ones who tried and maybe didn't quite make it). A mutual admiration evolves between people who start up businesses and work hard to make them successful because we each know how incredibly difficult it is, and how hard it is to maintain that success.

One of the most important things that I have learnt in business is that 'what goes around, comes around'. I believe that if you treat others as you would like to be treated, people will go out of their way to help you and to do the right thing by you. This can become very important when you need an urgent favour, the way you have dealt with others in the past just might become the one thing that will either sink or save your business in a crisis – people will go out of their way to help you if you have done the right thing by them. Never underestimate this karmic connection.

Another important thing that I have learnt is to realise early that you cannot do everything yourself. As talented as you might think you are, you cannot manage a growing business while trying to be a 'jack of all trades' – it will almost certainly mean lost productivity, and at worst, failure. Outsourcing is your saviour – that means finding others who can become integral contributors to your company's success, without needing to become part of your company. For us, one of the most critical areas is design, so for the past seven years Sydney-based company Nuts About Design, has supported our growth in the areas of brand development, advertising and marketing, packaging and catalogue design. Other areas that you may wish to consider outsourcing are: public relations, bookkeeping, manufacturing and IT support. When the business is more well-established

you might consider bringing these functions in-house, which is what we have done.

What do you think are some of the essential characteristics of a successful entrepreneur?

Successful entrepreneurs have a passion for what they're doing, they're able to adapt when needed and they realise that they will require the experience and support of others along the way. Personal integrity is also important. This not only relates to *how* you do business, but also to the reasons *why* you want to achieve success. I honestly believe that if you are in business for the right reasons, and your motives for succeeding are good, then you have a stronger chance of success. It seems to me that when people's business motives are selfish and when they do business without regard for others, the chances are (and history often shows) that while success may come, it won't last.

It's important to be completely honest and transparent in your business dealings. Be positive, friendly, gracious and accept help when it is offered. There are people who will be more than happy to help if they see you working hard and trying to do the right thing. Another essential quality is the ability to keep the creative juices flowing. It's easy to become complacent or to get caught up in the mundane day-to-day stuff and lose focus. Regular time out can reignite your passion and enthusiasm for your business, and this is even more important when you're experiencing difficult times. Belief in yourself, as well as your product or service, is something that you need to hold strong, not only at the beginning, but right throughout those early years when you will be tested in trying circumstances, the likes of which you may not have ever experienced before.

“Never underestimate this karmic connection.”

What were some of the challenges you had to overcome on the journey to achieving your personal and business goals?

Any business journey encompasses your personal life as well, so there will always be challenges on both business and personal levels. Balance is the key, but achieving it is not always easy.

I began with a huge lack of solid business experience and only a limited knowledge of basic business procedures and systems, which are crucial to establish early so that your business can function. I relied heavily on Clare's business background and we both sought advice from experts when we knew we didn't possess the necessary knowledge for certain tasks. I had never been a big user of computers, so I had to teach myself. And other aspects of the business such as packaging, labelling, design, manufacturing, ingredient formulations, legal and export requirements meant that I had to learn technical terms to be able to discuss our requirements and make informed decisions, this was a huge challenge but it was necessary for the growth of the business. Another challenge for me was something that is familiar to most start-up businesses – a lack of funding and start-up capital. With no experience in finding funding or investors, it was a daunting and frustrating time, and one where it was imperative to bring in someone with knowledge and experience in finding venture capital.

On the personal front, my father, Alan, lost his battle with prostate cancer and soon after my mother, Maureen, had a stress-related stroke. With these two sudden developments, my ability to stay focused and be productive was severely jeopardised. It meant that I had to rely on Clare to shoulder the burden of my workload. Between Clare and a support network of close friends I was able to continue running the business while also being a full-time carer for my mother. For this I will be eternally grateful to Clare, my supportive staff and close friends.

And finally, there is the challenge of staying well. Stress can sneak up on you, so you need a long-term stress management plan, which will be one of the best investments you'll ever make. It might include a weekly massage, or a few tai chi or meditation classes a week. It's also important to take a

break during the day to stretch and breathe. If your body and mental health deteriorates, you are effectively putting the business at risk.

In the beginning you often worked up to sixteen hours a day. How important is hard work in getting a new business off the ground?

Sometimes you hear stories about people who've become instantly successful, almost overnight, which is fantastic for them, but I believe that this is the exception rather than the rule. The majority of start-up business owners work *extremely* hard to find success. Clare and I worked long hours and often had second and even third jobs in the first few years.

Hard work comes in two forms, physical and mental. The stress of starting up and running a new business brings with it time-consuming mental activity that you take home every night. In the past I have done physical work, which is tough and hard, but the last seven years have been even tougher than any physical work I have ever done. Running a new business drains your energy – there is the constant running around, finding the right suppliers, developing and testing formulas, manufacturing and trialling products, and having sales meetings. It becomes one massive non-stop ride. You must be prepared for this, it's not like working in a normal nine-to-five job where you can walk out the door and forget about work until the next day. It consumes the majority of your time and thoughts, but you can survive by maintaining your passion and constantly revisiting the reasons why you started in the first place. I have learnt new skills, made life-long friends and developed a better understanding of life, which I am certain I would not have achieved if I had not decided to start VitaMan and to see it through.

“ Finding the right PR agency to get your message out to the media and consumers is crucial...”

Was there a defining moment, or turning point, when you realised the business was going to work and that your dream would be fulfilled?

There were several defining moments over a short period of time in which my faith and belief in the business was replaced by the knowledge that it had become successful and that it was going to become even more successful internationally. The

first was when we were at an international tradeshow in Dallas, Texas, and the owner of one of the largest and most well-known cosmetics companies in the world offered to take us to lunch. He complimented VitaMan, saying that it was the best men's grooming brand he had come across. He then indicated that he was keen to buy our brand and add it to the stable of the most recognised cosmetics company in the world. Clare and I knew then that we had finally made it – not so much in financial terms, but the reality was that VitaMan was attracting and impressing the most influential people in the industry. As tempting as it was, we declined the offer to sell and chose instead to maintain control over the brand and continue our journey toward establishing it as the number one men's grooming range.

Another defining moment for us was attending the world's largest beauty show, Cosmoprof, in Italy. We somehow managed to secure a booth, and there we were among the most prestigious cosmetic brands in the world, all competing for the attention of the world's leading distributors and buyers. After the cost of airfares, accommodation and the booth, we didn't have a lot of money left to create a dazzling display, so we kept it simple and earthy, with a distinctive Aussie feel and the masculine look of the brand. We had no idea how it would be received, but by the end of the four-day show more than 250 key distributors from 30 countries had expressed an interest in us. It was an amazing experience.

What are the most difficult things about breaking into international markets?

The first thing, which I am sure almost all export companies must experience, is the ability to find the right distributor for each country you want to enter. The best way to do this is to attend tradeshows within those countries, which is very expensive, but it's really the only safe way to meet people and discuss potential partnerships. If you happen to find a lot of interested distributors (which is what happened to us) the problem then becomes how to choose the one that will be the most successful for your business; they all promise the Earth. It's so easy to get excited and in your eagerness, offer distribution to the first person who asks for it. But you must be patient, do your due diligence on each distributor and make sure that they are capable of giving your product the best chance of success.

Another difficulty we faced when entering new international markets was the many new competitors that suddenly sprang up. We had to promote our product in a way that differentiated it from our competitors. We used



The world's most natural men's skincare company.

public relations and the media to get the story across that VitaMan targeted the specific skin-related problems that men experience. We promoted the fact that VitaMan is the world's most natural range of products for men. And we also promoted the masculine packaging and aromas, which were not common among other men's brands. Our Unique Selling Point was that we are the only men's range that uses Australian native plants and fruits, which indigenous Australians used for thousands of years on their skin and hair. Finding the right PR agency to get your message out to the media and consumers is crucial to your success, and again, patience in choosing the right agency is imperative.

How do you decide which countries to take your products into?

With any export business there are a number of factors to take into account when looking for international markets, and there's a lot of research involved. The following are some of the important steps we take before making a final decision.

1. Investigate whether there is already an existing, or fast-growing, male grooming market in that country. If there is, is it large enough to warrant our time, money and effort?
2. Review the latest statistics on the male grooming market, including sales figures, trend reports and growth rates. Attend major local beauty or spa shows to gauge the response from potential distributors and retailers.
3. Target the English speaking countries first, and those that have a good camaraderie with Australians, such as the US, Canada, New Zealand and the UK. This is the easiest route to establishing export sales and keeping costs down because you don't have to develop foreign-language brochures and product labels.
4. Target countries that have the same international regulations as Australia. There are many countries that require months of red tape to get approval and some even require formula changes or labelling that is different from the rest of the world. These changes are a huge cost that you don't need.

5. Research competitors' prices, quality, image and market positioning and decide where your product fits into the market, preferably in a different position to that of any of your major competitors. Define your product's Unique Selling Point and then decide how to best get this across to the media and consumers.

Another point worth mentioning here is exchange rates – they may affect which countries you choose to enter first. It makes sense to enter those countries that have a strong currency against the Australian dollar, as you will be able to set higher export prices. A weaker currency against the Australian dollar means that you may have to reduce export prices to allow for their lower margins. For example, the countries that we targeted first (due their strong currency against the Australian dollar) were the US, UK, Europe and Japan. Countries with weaker currencies, where we had to reduce our profit margin within the export price, included New Zealand, Canada, most of Asia and Fiji.

What do you think are the most common mistakes new business owners make?

We got caught out by developing and launching a female spa range, only to find out many months later, after a delay in trademarking, that the brand name had been rejected because it was too close to an international brand in another category. Make sure that you trademark your brand name and/or your logo. Luckily for us, this one worked out in the end, but it's important to get your trademarks sorted out before you spend a lot of money on your business.

Another major mistake is under-capitalisation. Too many new business owners (including myself) believe that they can start out with a certain amount of money, then sales will take off and it'll all be good.

“Take your time and think about using a business adviser to negotiate with potential investors.”

But there are so many unknown factors that you simply cannot be aware of, so you need to have back-up funds available. You must begin by being well funded. It's not easy to source funding, but it can be done, and it must be attained before you launch the business. If your idea or product is great, you will find someone to invest in it. Ideally, you want an investor who'll be a silent partner, so that you can focus on running the business your way. Expect to have to give away a large chunk of equity, which is usual when you are asking for large amounts of money on the basis of nothing more than a great idea without any guarantee of success. Take your time and think about using a business adviser to negotiate with potential investors.

Finally, when many business owners see their business start to take off and achieve a good income, they often decide to begin drawing a handsome wage, which is of course fair and proper. However, this can suddenly drain the business of much-needed capital for further growth or unforeseen circumstances. To really grow your business, you must be prepared to put the profits back into it until you can see ongoing and upward sales success. It's tempting to take out a large wage when business is good, but that extra money could be used for extra marketing, better quality brochures or PR which will help to grow the business even faster. Clare and I did not take a single wage from the business for the first two years. We worked full-time on the business, and then we worked in other jobs to make a wage. As tough as it was, we knew we had to put everything back into the business, especially because we started with very little capital in the first place. Build your business first and don't be tempted to pull money out too early.

What advice would you give to aspiring entrepreneurs who want to get started in a business of their own?

This is a difficult question to answer because there are so many different types of business and each is unique. Obviously in my case, I started the business with a partner, and based on my experience it was the best option for me. Some people may want to go it alone, but I believe that's a tougher road to take. For me, having two creative inputs, two individual sets of skills

and two lots of life-experience combined to give us a better chance of success. I know that without my business partner, Clare, VitaMan would not have succeeded. Certainly we've both made huge individual contributions, but it has taken 'two to tango' for our business to succeed. My recommendation to budding entrepreneurs, based on my experience, is to find someone who shares your dream, passion and determination, who has different skills to you and together you'll have an increased chance of success. As the old saying goes, 'Two heads are better than one!'

Also, do your homework and research well before deciding to start your business. Analyse the market, your competition, the probable pitfalls, funding requirements and the impact of not having an income at least in the short term – everything has to be taken into account. You might consider working in the industry to build your knowledge and find a mentor who is prepared to give you advice and guide you along the way. Linking up with networking or business groups can also be educational and can help you to make important contacts.

Make contact with government departments for advice and groups such as Business Angels for funding and investment opportunities, they can also help you to put your business proposal together. Don't rush into the first funding partnership offered. Take your time and make sure that you get professional advice. You must keep control, so be sure to maintain the majority of the shareholding and to have contracts properly evaluated by someone you trust.

Trademark your idea, name, product or service the moment you decide to go with it. Many great business ideas have been sunk or stolen due to people's sheer enthusiasm – they tell everyone their great ideas or business name, only to find that someone mysteriously beats them to it. This can be a very costly mistake, so protect yourself early. If you are involved in business or financial discussions with another business or institution, ask for a confidentiality document to be signed – don't be intimidated by large companies, request confidentiality with confidence.

“Clare went above and beyond the normal call of duty when I lost my father to cancer...”

Get yourself a good accountant from day one, someone with experience in start-up businesses who can help you to navigate all the business requirements such as Business Activity Statements (BAS), superannuation as well as the correct structure for your business and personal taxes.

Most business partnerships rarely last longer than a few years. Why do you think your partnership with Clare has been so successful and what advice would you give to others?

My partnership with Clare was like destiny, we have an amazing connection where there is an unspoken link between us. Each of us would do whatever it takes to support the other through our business journey together. The amount of mutual trust and respect we have for each other is incredible, as is our growing admiration for each other. Maybe there is a spiritual connection. I have met thousands of great people over the last 30 years and I cannot think of anyone whom I would rather have as a business partner. The huge appreciation we have for each other just continues to evolve as we share the same dream – we do it as much for each other as we do for ourselves.

I think another contributing factor in our success is that we each brought a different set of skills and experiences to the partnership. My background was in health, fitness and natural medicine, while Clare was involved with make-up and beauty therapy training. Clare had a much stronger background in fundamental business operations while I was able to offer stronger sales and creative skills.

Finding someone as special as Clare was a gift. It's hard to advise someone how to find the right business partner, you might just meet someone one day and find that there is an instant connection between you, as happened

with us, or you might meet someone within your circle of friends. I truly believe that the right partner will come along at the right time and choose you.

Deciding to work together is a massive undertaking. Spending more than eight hours a day together, year after year, in the same room is more time than most married couples spend together! I know that our partnership has worked so well because we have supported each other on a personal level, which is crucial to maintaining stability in the business. Knowing that your partner will cover for you when you have a family crisis or need time out, and that you will reciprocate when it's their turn, makes the partnership stronger. Clare went above and beyond the normal call of duty when I lost my father to cancer, and again when my mum had a sudden stroke. This support was huge, and I cannot express my gratitude strongly enough for what Clare did for me during those difficult times.

My advice when deciding upon a business partner is to discuss how you will deal with unexpected events and how you will support each other. You should also agree that disagreeing will be a part of growing and not let it interfere with your relationship. You must also feel completely comfortable spending long hours with that person. At the end of the day, go with your 'gut intuition' when deciding whom you want to partner with, and make sure that you both understand that you will both have to do the hard work. If one begins to slack off, it can create animosity and a feeling of it not being a true partnership anymore. It's crucial that you are able to talk through concerns and offer each other constructive criticism in the best interests of your business.

In 2003 you put your products into the famous Academy Awards attendee show bag. What did you get from that exposure?

We had a contact in LA who was married to an Aussie and her business was product placement at celebrity red carpet events. She got our products into these bags, as well as photos of celebrities holding them, everyone from Pierce Brosnan to Snoop Dogg. It's all part of the beauty industry –

the more name-dropping you can do, the better – it's amazing how a lot of people take notice and it's certainly helped us to be able to say that we have supplied our products to people like Brad Pitt, George Clooney, Hugh Jackman and Russell Crowe.

We are always looking for opportunities to supply product samples at VIP functions, where there will be a lot of high profile men in our target market. Recently, these have included Steve Waugh's testimonial dinner, the Canterbury Bulldogs' 70th birthday dinner, and the World Cup Rugby Club. We have even had a product placement on the French version of *Queer Eye for the Straight Guy* and we supply all of the personal grooming products to the Fab Five on the Australian version of the program. This is great PR which we can now use to increase our profile in the US retail market.

You are now edging closer to becoming one of the world's leading spa and grooming brands for men, so what's next for VitaMan?

Like most successful businesses, from day one we've followed our business plan. After five years on the market, we are now at the stage where bigger opportunities are coming. As people note our success we are being approached by various large international companies interested in contract manufacturing their own male and female skincare brands. We recently signed a joint venture with one of the largest wellbeing companies in the world (with offices in the US, UK, Dubai and Russia), which will be instrumental in our capturing the higher-end US and UK markets.

We will continue with VitaMan's global expansion and still see many new and exciting markets opening up where we want to fulfil VitaMan's potential, such as in Japan, China and Russia, where we have recently launched. For the future, we can foresee VitaMan grooming lounges for men or perhaps VitaMan grooming retail outlets in major cities, or even a VitaMan day spa for men.

The latest expansion in our grooming range was our sun care range. In the near future, we are planning to extend the VitaMan range to include

a body spray and deodorant, and there may be a few additional sports products as well. I would also like to see VitaMan put something back into the community. With my background as a naturopath and having lost my father to prostate cancer, men's health issues are something close to home for me, and I know that Clare is also supportive of this too. I foresee VitaMan male health seminars being conducted around the country at which well-known medicos, sporting celebrities and motivational speakers will present information.

Although we have had offers to buy the company we still see ourselves at the helm for a few more years, and by that time, hopefully, we will have fulfilled our dream of becoming the world's number one male grooming and spa brand.

Why do you say *faith* is such an important quality in becoming a great entrepreneur?

I actually feel that faith is one of mankind's linchpins to survival and learning. Without faith, we would not continue to struggle for what we believe in or want in life. Without faith, we would be distracted from our goals by others who try to make us believe that we cannot achieve what we want. Obviously no one knows what the future holds, but by having and maintaining the faith that something will happen, you have that little bit of extra strength when you need it. Faith in your abilities is crucial, otherwise self-doubt can lead to failure. And you also need to have faith in the people with whom you work and do business with.

When you first come up with an idea, service or product, it's usually going to be your faith in it that sells it to others, especially potential investors. Becoming a successful entrepreneur is like having a deep conviction that you have what it takes and that no matter what gets thrown at you, you *will* make it. It's easy to lose

“Your business is not going to succeed on faith alone, but it will certainly help.”

faith when times get tough and when everyone is telling you that it might be better to give it away. This is the time when you must dig deep and maintain the faith that you have in yourself and in your business potential.

Your business is not going to succeed on faith alone, but it will certainly help.

As a mentor what are the most important messages you want to impart to other budding entrepreneurs?

If you have a service, idea or an invention, and you truly believe in it, and can't stop thinking about it, then *go for it!* That doesn't mean selling your house, it means getting serious and developing a well thought-out plan for moving forward. I suggest that you make a list of all the relevant points and advice offered by the various contributors in this book, and start applying that knowledge.

Stay positive and surround yourself with supportive family and friends. Don't discuss what you're doing in too much detail with those who are negative or who might try to dissuade you – they have the potential to steal your dream. Stay focused and slowly work toward finding the right people who can help you. Realise that chances are it's going to be a long, tough and at times, overwhelming road ahead. But if you take small steps and maintain your faith, then you have a great chance of success. Other than becoming rich and famous, at the end, it's the journey that will have been the most rewarding part of your success.

I don't believe in the word 'failure'. All failure means is that due to certain circumstances, it was not to be this time 'round. But during the process, you do learn a lot, and the next time you take up the challenge you will be better prepared. So really you never fail, it's just a necessary step toward your ultimate business evolution.

What are your top tips for becoming a successful entrepreneur?

1. Never let anyone steal your dream – it's *your* dream! You have the right to it without anyone stealing it away. Their motives vary, but quite often it's those closest to you that will try and stop you from starting a new business to 'protect' you from failure! Many of these people may not want you to succeed because they fear that you will change, or because it makes them feel insecure for not possessing that same spirit or courage. Never let those close to you take away your desire to give something your best shot!
2. Quite often an idea comes to you which stays with you and it just *feels* right. I believe that you must listen to your 'gut feeling' or intuition, it's usually right. This is not to say you shouldn't do your research or due diligence, but from my experience, your strong intuition is mostly right, so go with it!
3. Surround yourself with like-minded people. I cannot over-emphasise the importance of this for your long-term business success. There will be so many times when this support will be needed and you need to know that you can rely on your supporters 100 per cent. Whether for emotional support, or occasional financial support, form a strong circle of positive people around you who honestly want you to succeed. You will know fairly quickly who they are once you're up and running.
4. Treat your staff well. Create a great working environment, and a family-like atmosphere, where trust and recognition are paramount. I believe that great staff make the difference between doing okay and doing sensationally well. Treat your staff as you would like to be treated. Be the boss, but always give praise and recognition.
5. Don't run out of juice! It's so easy to become caught up in the mundane routine of running your business that you can lose touch with the creative spark that initiated your journey in the first place. Organise regular brainstorming sessions outside of your office surroundings and

let the ideas flow. It's invigorating and it keeps that passion going strong!

6. Outsourcing is the key to most successful start-up businesses. Unless you are multi-skilled and a genius of massive proportions, you can't work 24 hours a day without sleep! Admit your shortfalls in areas where you have no expertise, or that you don't have time for, and source people who can do these tasks for you. In my case, I outsource packaging, design and brochures to Nuts About Design in Sydney, and this has worked incredibly well for us for seven years. It's important to let go of these areas – when it's your baby, it's not easy to hand things over, but it will lead to a greater chance of business success.
7. Get a good public relations company. It's far more cost effective than random advertising, unless you have a mega-budget, which most start-up businesses don't. Media publicity can create a buzz about your business and can often lead to further media exposure. Also think about linking up to do joint promotions with companies that fit well with your brand and have the same target market, but which offer different and non-competing products or services.

FINAL THOUGHTS

There is no *one* great secret to business success, but there certainly are a number of practical steps that can make your journey swifter and safer.

First, as this book demonstrates, all of the information you will ever require to succeed is freely available, as long as you have the drive and determination to actively seek it. And second, (as we have personally discovered) one of the real drivers behind success is *implementation*. It is the very essence, the heartbeat and backbone of every successful entrepreneur. No doubt you have heard the saying, ‘There are three types of people in the world: those who make it happen, those who watch it happen and those who ask, what happened?’ It really is like that!

The temptation upon completing a book such as this, or attending a business seminar or workshop is to think, ‘Wow, that’s great, I now have hundreds of ideas and I will do something about them, some time in the future’.

For successful people, ‘something’ and ‘some time’ have no meaning – they simply do not exist.

The entrepreneur firmly on the road to success does not want hundreds of ideas, they want just five that they can *implement* straight away, and another five that they can *implement* next week. In other words, successful people structure and plan simple yet deliberate monthly, weekly or even daily steps and goals – and they make them happen!

From here, we recommend that you re-read this book, as we guarantee you will find insights you missed the first time around. Make a note of these,

and also a list of actions, because as you now know the only real driver of success is *implementation*.

Always remember too that every great entrepreneur had to start somewhere and along the way they've all had their fair share of challenges and issues. When you face yours, remember this quote, 'You can make money or you can make excuses, but you can't make both!'

It's interesting that the moment you start moving forward, making progress toward your goals, challenges rise up to test you. It's almost as if the universe is asking, 'How badly do you want to achieve your dream?' So ask yourself that question now, and when the challenges do come, you will already be certain of the answer.

We trust that this book has been of great value to you and that it will assist you on your journey. With all of its highs and lows, it is one that will always be exciting and ultimately, very, very rewarding.

MAKE IT HAPPEN!

Dale Beaumont and Brenton Tong

P.S. We love receiving letters or emails from people who have been inspired by something shared in one of our books, so please contact us with your tales of inspiration.

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About the Authors

Dale Beaumont



Dale Beaumont was born in Sydney in June 1981. Growing up, he participated in a number of sports and at the age of nine was selected for the elite NSW Gymnastics Squad. Training 34 hours per week, he soon learnt the value of discipline, hard work, having a coach and most importantly, delayed gratification.

After six years of intensive training, Dale changed his sporting focus to competitive aerobics so that he could spend more time on his studies and pursue other interests. In 1998 he became the National Aerobics Champion and the youngest Australian to compete at the World Aerobics Championships, where he placed eighth.

After finishing high school, Dale began attending various personal development and success seminars, where he learnt from people such as Jim Rohn, Michael Rowland, Bob Proctor, Robert Kiyosaki, John Maxwell, Brandon Bays, Brad Sugars, Mark Victor Hanson and many others.

At the age of 19, together with good friend Brent Williams, Dale wrote his first book titled *The World at Your Feet*, and co-founded Tomorrow's Youth International, which now runs educational and self-development programs for 13 to 21-year-olds in four countries. Dale has been featured on the *Today* show, *Sunrise*, *Mornings with Kerri-Anne*, as well as in countless newspapers and magazines.

Most recently, Dale has been hard at work developing the 'Secrets Exposed' series, to bring together the very best material from hundreds of Australasia's most successful people. With more than twenty books planned for the next three years and an up-coming seminar series, Dale is now a sought-after speaker on topics such as; Up-start Business, Networking Skills, Book Publishing, Internet Marketing and Generating Publicity.

Dale lives in Sydney with his beautiful and very supportive wife, Katherine. With a baby next on the 'to-do' list and lots of international travel plans, Dale is looking forward to the challenges ahead, and to spending more time enjoying life.

For more information about Dale's workshops and educational materials, or to book him as a guest speaker at your next conference or event, please visit:

www.DaleBeaumont.com

Brenton Tong



Brenton Tong was born in 1977. His business career began early – selling contraband lollies at the age of ten in the school grounds, which sparked his passion for creating and growing businesses and providing for others.

When he finished university, Brenton entered the world of financial services but before long began to see the cracks in the way most companies were run. At just 23 years of age, he started his own financial planning firm, Phillips Dean

Brickwood, based on providing an ethical approach to financial services and greater education to his clients.

In the early years, running a business that was focused on more than just the bottom line was a real struggle, but Brenton's persistence paid off as he developed an affordable, cutting-edge business model, which had clients beating a path to his door.

Describing himself as a financial planner by trade but an entrepreneur at heart, Brenton now employs a team of nine talented and equally dynamic financial professionals. They provide clients with assistance in the areas of financial management, asset protection, tax planning, property investing, lending, insurance, superannuation and much more. Brenton also prides himself on being the owner of one of the few non-commission earning financial planning firms in the country.

With offices now in two states and plans for a third, Brenton is ready to expand nationally and take on the big end of town. Brenton is a featured writer for a number of publications, and an in-demand financial speaker.

Outside of his many business interests, Brenton is a collector of cars – his favourites being his Porsche 911 and his latest acquisition, a Honda NSX. In his spare time, he enjoys travelling, sailing and studying ancient history.

For more information about Brenton's financial planning practice, please visit:
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We would again like to say a huge 'thank you' to the people who have helped to make this book possible. Some of our contributors have their own books and other educational products – for more information, contact them directly.

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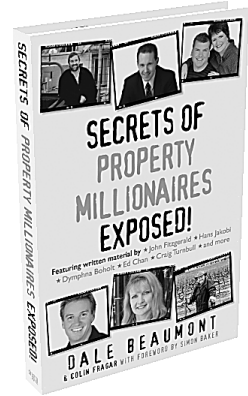
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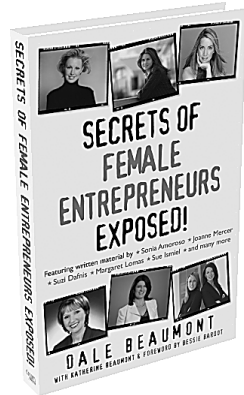
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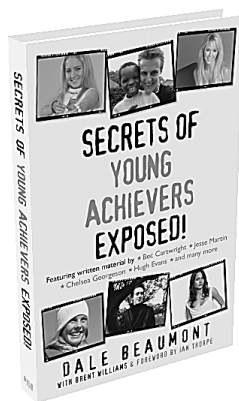
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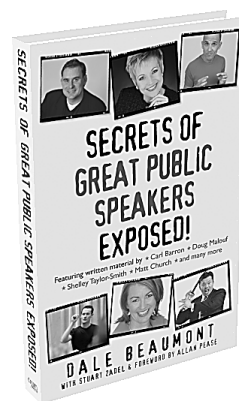
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"I am so glad that a friend told me about Empower U. My daughter attended almost two years ago at the age of fourteen. She is now seventeen and more motivated than ever. I think the most amazing thing about her experience is that it was not just a one-off. They have supported her the whole way and that has been just terrific."

Peter Stacey (Father of Jessica)

"My two daughters attended the Empower U program. One excited, one sceptical. The change in both of them is truly amazing. I am now such a big fan and I just hope that more people take the chance on this that I did. Because then they will see what I now see."

Tura Lechminka (Mother of Alana and Kathryn)

Whether it's more motivation, improved attitude, better exam marks, a savings plan, landing a great job, or just a more open family relationship ... you will see results *FAST!*

To enrol your son or daughter into the next *Empower U* program simply give us a call or check out our website...

Tomorrow's Youth International

1300 732 782

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