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Australia's online magazine for entrepreneurs and SMEs

Inspiration from Australia's top entrepreneurs

52

Entrepreneurs
Share
Real Life Tips



SmartCompany turns one on Feb 1

Phew! As every business owner knows, it is a great milestone to reach your first birthday. But we have had a secret weapon.

Every day, as my great team researched, wrote and produced SmartCompany, we would uncover many gems that could be applied to building our business.

Week after week, as many of Australia's best entrepreneurs have generously shared tips, trends, ideas, leads and opportunities, I would find myself completely distracted. What a great tip, I would think, when interviewing yet another top Australian entrepreneur. And I would lose my train of thought as I considered how the tip could be applied to making SmartCompany bigger and better.

So for our special first birthday issue, I wanted to show my appreciation to you for your loyal support through the year. Many of you visit every weekday, responded to our polls and research, supported our awards, regularly provided feedback and wrote in with suggestions on how we could improve.

And what better way to thank you than to collect a few favourites from the zillion of tips from the SmartCompany community that have personally inspired and motivated me this year.

Here are 52 tips – one for each week of our first year – from Australia's top entrepreneurs. (To read the rest of these entrepreneurs' stories on SmartCompany.com.au, click on their names.) So read, learn, enjoy and spread the birthday cheer by passing it on to your colleagues, friends and family.

Amanda Gome
Publisher, SmartCompany.com.au

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1 ON RECRUITING THE RIGHT STAFF

The most crucial part is attracting the right people. I look for people that have been involved in successful global starts ups before. They are often in safe jobs. So I present to them the vision and the dream. I say: “You are smart. A person like you can get a job any day of the week, but you will never get an opportunity to be part of a global business in such a short period of time with an invention so simple.” They come on board and salary sacrifice and in return they get share options. I also tell them what do you have to lose? You are in a safe job, you will go back to a safe job. And it is compelling; they are attracted to the challenge, the kudos of being successful – and the money from the share options.

Martin Chimes , Universal Straws

2 ON MANAGING SALES STAFF

Finding good people in the sales area has been the biggest challenge. I’ve been burnt a few times where I’ve found someone who’s a hot-shot sales person who looks like they have the right experience. They’ve got good background in the industry, but when you put them on by themselves in a far away country they don’t perform and just use up a lot of money. So I’ve found that in order to do things properly in the biggest markets here, in America, I’ve got to be there myself, working day-to-day with the sales professionals to get it going.

We are investigating a couple of sales channels for markets where we have challenges to get into. We’re negotiating with a group in Japan and in Korea at the moment who have a large sales force and we don’t have Japanese or Korean language abilities so it makes sense to use channel partners into those countries for both the language and the existing contacts that they have.

But for English speaking countries and those who speak English relatively well like Americans, [we see doing it ourselves] as being the way to go.

Justin Simpson, PCT Filer

3 ON OVERHIRING

One of the most important things I did to take the business from \$35 million to \$135 million was to overhire on the financial roles globally. We’d always employed people that would either come up through the ranks and you’d give them the next chance to take the next two or three steps operationally. It wasn’t until 2001 that I took that view to overhire. It was more money than I wanted to spend on finance, but I wish I’d done that 10 years before.

We didn’t get it right the first time. Three years ago we bought a group CEO into our business. The guy only lasted three or four months. His role was to take over the data and operational guidance for the business on a global scale, which is a position I filled myself. When we got it wrong it would have been the easiest thing in the world to say I’ll do it myself. But we went back and found a guy with 20 years of experience in the service industry that really did understand driving the day-to-day profits out of a business.

Craig Lovett, Cleanevent

4 ON MAKING A PROFIT

Our philosophy on profit is to charge at least what it takes to recover costs. It is not rocket science and you might think it sounds obvious, but our industry is littered with examples of people who did big deals with big numbers and then they hope the contracts are going to happen.

We sit down with interested parties and we know what the systems are going to cost and what we can recover comfortably after covering our costs. It is the founding philosophy of the company, to be profitable every year of operations. We made this part of our founding statements and it is in our annual reports and in our prospectus.

We can build the infrastructure, get the contracts to break-even on sales, and then beyond that we get a fairly good margin. We do try and minimise our costs. We have a strong ethic; work hard, play hard. It is more that we keep everyone focused on the fact that every deal we do has to make money. But if you want to do something big on limited means you have to be very focused on costs and do very good deals that make money.

The profit ethos was reinforced by our wives. Both our wives told us we could only have \$50,000 each for the new business (PIPE Networks). Neither of us could put our houses on the line so we were very focused on making a profit from day one.

Bevan Slattery, PIPE Networks

5 ON SELLING MORE

One key lesson came from the early days of Microsoft. They taught me one thing and it was called leverage. There were presentations where Gates would stand up and talk about partner channels and reseller channels and those sorts of things, and the word that came out was leverage, leverage, leverage. That's something that we applied in the WebCentral business where we developed strong partner programs. You can increase your sales people but you have to seek the ability to create channels, which can in turn leverage your sales people on to more customers. That's been the number one lesson.

To develop the channel? You need to think how do I make the partner look better to his customer, so how do I build my products that he can sell and he can use, that make him look better.

In the case of WebCentral we allowed our partners to rebadge everything. We didn't have a problem with it and that was a case of making the partner look good in front of their customer.

Lloyd Ernst, WebCentral

6 ON GETTING THE WORD OUT

Make really good friends in the area of search engine optimisation (SEO). Buy them a bottle of scotch. If you get that (SEO) wrong, you will have to spend a bomb to get it right. Build your web pages in ways that are easy to index, have good page titles, key words for each page, all the links you need to boost your Google rankings. We invest in it every month.

Try and cut a deal to reduce search engine marketing costs. To avoid those 15% commission fees on search engine marketing, try and negotiate a deal to grow the fee as you get the results.

Kidspot buys 100,000 keywords (some keywords cost 1c, others a lot more), often buying expensive keywords for a day or so, then concentrating on cheaper, related search terms.

We use contra to build links, affiliates and online partnerships to build links.

Billboards are great. Experience and research tells me this works to build a brand. Cultivate word of mouth. Everything we do, we ask ourselves 'Can we get word of mouth?'. Anyway to get people to send information about us on to friends and colleagues, we do it — and it's free.

Katie May, Kidspot.com.au

7 ON DEALING WITH COMPETITORS

We have had competition from discount shops. We would invest in products and advertising, and create a demand. Then a month later we would find the discount shops carrying an imitation product. They don't have to pay the marketing costs we pay so they could always be cheaper, especially if it was an inferior product.

Now we want exclusivity from suppliers. Now any product we feature, we make sure we have exclusive distribution rights in Australia. A part of it is committing to volume of stock so they do take you seriously. Three years ago we couldn't get those deals because we were small and didn't sell the volumes. Now we do.

Daily Deals, Hezi Leibovich

8 ON WHERE TO EXPORT FIRST

If you are going overseas don't pick a country where the market is too small and vulnerable. We went to Indonesia, and it proved very successful until the financial meltdown in 1996. Going to Indonesia was like adding the state of Queensland to your marketing plan. Same with New Zealand. It's like adding 15% to your market size. And don't bother with India either. It's too bloody small to worry about. Everyone talks about the size of its middle class, but they are very poor by our standards.

We went to Taiwan and that was the same size as Australia and didn't work out either. What we learnt was to stop fooling around and go straight to the US. We went in 2003. We employed a vice president who is an American and whom we had known for many years. Then we built a big sales team.

The US is now responsible for about \$5 million of our \$14 million revenue in 2006-07. It cost \$6 million and it's still not profitable. But we don't care about profits. We care about the volume. We are going for growth, not profits.

Look at Amazon. At the start you are not interested in making a profit. All great online businesses are not interested in making profits. You focus on multiples of revenue and that turns into profit the moment you want it to. The idea is to force the growth, so you grow at 50% by pouring money into sales and marketing, and if you don't force it the revenue still grows by 20% and then when you want it to, the money pours out like a jackpot.

Phil Ruthven, IBISWorld

9 ON PROFITABLE GROWTH

We had \$28 million of costs a year and managed to strip \$6.5 million of costs a year out of the business. Some came from redundancies and natural attrition (100 people left), there were also duplications and inefficiencies. For example we went through the telephone accounts and found 80 lines that were not used. There were also lots of different accounts that we consolidated.

We looked at the way we ordered from vendors. Now we only order from vendors when we have the contract, so our stock levels have gone down 50% which really helped the balance sheet.

Domenic Martino, ComputerCorp

10 ON ADVICE ON A MENTOR

I heard Gillian Franklin (entrepreneur who founded The Heat Group) at a talk and asked her if I could talk to her. She has been my mentor every since. When I was really struggling and thinking I wasn't going to make it, I would ring and ask her if she had five minutes and I would walk out 10cm taller. She gave me advice, but it was never sugar coated. We had been doubling revenue every year but I was really struggling and at the end of my energy. Gillian said to me you need a mentor group.

It was great, because you get so tired you can't see the business with fresh eyes. They identified that I needed a cash injection and that I also needed a finance person who could help with managing everyday cashflow, but also run operations. We had had a part-time bookkeeper and when we had five stores I was comfortable doing it all. But now we had 20 stores. The cash injection and taking on a finance guy were the answers. The cash injection from an equity investor helped add products, helped me employ more people and open more stores in 2005.

Kristina Karlsson, kikki.K

11 ON FINDING A SALES CONSULTANT

We have doubled in size every year, which brings stresses and strains. I am no good at marketing and sales. So we brought in business consultants to teach us about marketing, sales and business growth. While they (Synergy) were expensive, they taught us to be more confident about ourselves. They broke down the sales process and taught us a 10-point plan to create new opportunities through the sales and after-sales process. We learnt to touch the client all the way.

Garry France, Callidan Instruments

12 ON CREATING A COMMUNITY

The main way was through forums. We set them up from the start. We invited and seeded comments, invited friends and waited. The planted comments were found and we stopped doing it. In retrospect the best part was people giving us a bad time – not that we thought that at the time.

But it was the best thing – it meant we did not have a tame forum. We got picked on for being sloppy about technical specifications and not describing products properly. And we got into trouble for saying shipping was free when the cost was included in the product.

One guy in particular really went on about this, but then the next day we put up a comment saying free shipping except for this guy, and it was great because everyone could see we were laughing at ourselves.

We also launched competitions, including word association and maths problems. People are so bright – we put up hard competitions but sometimes people would solve them in 10 minutes. What works are things that challenge people and where the answers are not that obvious. One of the best was Friday fun with creating an avatar. We would have a theme around cars or superheroes. The members on the forum grew really quickly.

Alfred Milgrom, Zazz

13 ON REWARDING STAFF

When I was at Text, we set up a salary structure and employee reward scheme. If employees didn't take sick leave they could get a benefit at the end of the year. We created a buddy system so if people made budget, they could take an additional holiday and their buddy would support their role.

We created an environment where if people were successful they benefited and if they weren't, we asked why are you struggling? What can we do?

Anthony McDonald, Real Estate Media

14 ON BREAKING INTO INDIA

We went with Austrade on a trade tour in late 2006 and the ball started rolling from there. India is the world's second most populous country and Australia's fourth-largest export market. There are a million salons operating in India, of which only 500 are high-end salons. There is a huge opportunity to tap into the expanding middle-class market and fill the niche between barber and high-end salon.

Austrade set up some meetings with local businesses interested in Just Cuts. Then we went back and interviewed a shortlist of three candidates, and selected one.

We chose a billion dollar company with lots of experience in retailing and franchising. Gitanjali Lifestyle has a large franchised chain of jewellery stores with four brands, high-end to cheap, so they understand how retail works in India.

There are 500 to 700 shopping centres under construction in India now. You would only want stores in shopping centres. We want to be part of the groundswell. They want the brands. The middle class have the money. Gitanjali Lifestyle know about shopping centres. We wanted someone with contacts in shopping centres because it will increase their rollout potential. They understand that market. The first salon will open in New Delhi.

Our master franchisees' knowledge of the franchise industry and their contacts gives them access to a database of potential franchisees. Owners don't have to be hairdressers. Only 25% of our owners in Australia are hairdressers. They are more likely to be investors who will employ hairdressers.

Denis McFadden, Just Cuts

15 ON SELLING OVERSEAS

To be honest, we have never had an export strategy. We were "born global" so to speak. We sold to eight countries in our first three months of operation. Selling online allows you to reach a global audience.

Some tips for selling online:

Have a '.com' domain name unless you are targeting Australia.

Have your base currency in US dollars or euros, not Australian dollars.

Use customer lists, testimonials and case studies to build trust with your potential customers.

Have a 'contact us' form on your website, and a US phone number.

Use being 'Australian' to your advantage. Australia has a good international standing, don't be afraid to promote your heritage.

I prefer to use British spelling on the website, even though it leads to the occasional emails from your US customers complaining about spelling mistakes.

Scott Farquhar, Atlassian

16 ON MARKETING ON THE WEB

The first place to look for them was the web. So we started with a site for \$1500 from Taten, and added a shopping cart. Unfortunately, "if you build it they won't come" – it sat there doing not much at all, people couldn't find us.

It was six months before we started pay-per-click advertising and we were so fearful thinking we were going to pay for clicks that wouldn't give us sales. But we were wrong. We instantly got sales inquiries and it generated traffic to the web site. Now about 75% of all potential clients come from the website.

We have optimised our site to allow us to show up well in natural searches. There is a fine line between writing for search engine optimisation and writing for potential clients. You need to be found, but it's pointless if the person looking at your website can't garner any useful information from it.

We also spend a significant amount each month on per-click advertising. Between the natural search and our pay-per-click advertising on which we spend thousands per month we receive over 10,000 unique visitors per month.

Approximately half of these come from pay-per-click. It can get expensive – we got a Christmas present from Google last year, always a worrying sign!

We optimised our ads and cut our expenditure with them in half, while doubling our click rate. This means that the surfers clicking through were highly qualified.

We are now back to spending our original amount but have maintained our higher increase in conversions. Business is booming. We are still operating on our original \$1500 web site and are in the process of upgrading to a new one shortly, it is a very exciting time!

Carmelina Pascoe, My Coffee Shop

17 ON GROWING TOO FAST

We were being inundated with work. We went from having a few small jobs to winning a couple of large projects at same time. It was a stretch to be able to recruit and manage additional staff. I was concerned that it would jeopardise our quality and lose the customers we had worked so hard to gain. When I was able to step back I learnt that there can't be a "single point of failure" in the business. We made some organisational changes so that one person wouldn't be flooded if we took on multiple large projects at once. We also worked on achieving better work flow, which included allocating more staff to projects.

Craig Deveson, Devnet

18 ON TAKING THE BUSINESS TO THE NEXT LEVEL

Our strategy going forward though is still pretty simple.

Growth (we are planning for compound growth of 20-25% per year over the next three years).

Extend capability (organically through training and recruitment and through acquisition of quality, niche firms).

Employer of choice (do whatever we can do to make working at iFocus the best all-round experience). We have just implemented an employee share scheme where all staff are given their own small share of the firm the moment they start at the company. The longer they are with us, the more that share is worth.

Strengthen resourcing and delivery supply lines (one example of this is by establishing international development partnerships).

Market positioning. We've just rebranded the firm with the goal to make it easier for our clients to understand who we are and what we do. We've wanted to raise the bar and I think we've done that. The challenge for us now is to get more people to experience more of it.

Greg Muller, iFocus

19 ON EMPLOYING A GENERAL MANAGER

We tried to employ some general managers to run EMC and leave us free to take it to the next step but they didn't work out because the authority still rested with the owners who worked in the business. We were struggling to find the right business model forward.

We realised that our senior people needed to have a very strong commercial focus; it wasn't enough that they were good at their job. We needed people who could bring in work and manage projects, staff and client relationships as well as do their job. It is a complex mix of skills. We needed to measure performance in these areas. As a result one of the directors and owners left and that was very painful for everyone concerned.

Tony Douglas, Essential Media Communications

20 ON KEEPING CLIENTS

Although we have a strong record of keeping our clients, we are constantly investing in better ways to meet their requirements and create "raving fans".

We recently restructured our team to create an additional role in response to client feedback around the ongoing support they were seeking. It's early days yet, but this new structure appears to be working very well. You need to be conscious of the training required for staff to have the knowledge to perform at an exceptional level.

Internal training is an area we are constantly improving and investing in, and we seek regular feedback from the staff to help us deploy the best training. Always work to do on creating "raving fans".

Karen Cariss, Page Up

21 ON PEOPLE NOT MARCHING IN THE SAME DIRECTION

I always believe in being honest with people who work with me and it becomes obviously very quickly when staff or senior management are not marching in the same direction. The important thing is you cannot let the situation go on for long. You must tackle it quickly and talk to them about it and offer them options if they don't also recognise the situation as well.

John Ilham, Crazy John's

22 ON SELLING A CONSULTANCY

I sold half of my investor relations consultancy to Morgan & Banks Investments for \$350,000 in 2002. I did it by building a product that is scaleable. We started out with a company perception study product and adapted it to suit market demands. We had an ongoing history of blue-chip clients and had very notable track record. We were recognised nationally. We also had a profitable business model and except for one year, we had never had a cost blowout. We could also demonstrate how we could be useful to a future purchaser. For example, Morgan & Banks saw the opportunity of using us as a door opener to other contracts around HR and recruitment and they saw us as a fit because their business objectives are also building shareholder value.

Mary Beth Bauer, Value Enhancement Management

23 ON BUSINESS PARTNERS

We took on board a business partner. This proved to be an error of judgement on our part as they tried to take over and run the show. We severed our relationship very early on. We realised that we had undervalued our own natural talents at the time, thinking that we had to have someone with business experience to assist us.

We have discovered that we are natural entrepreneurs with good solid marketing and business sense. With the growth of the company and the fact that we have grown it into the largest dog training company in the world with just two directors making the business decisions, we are so grateful that we took that direction. We will never again give anyone control over our company.

Sylvia and Danny Wilson, Bark Busters

24 ON LEADERSHIP

There was a time where I would want to know everything that was going on within the business. Today I make sure that I only meet with my managers on a weekly basis to discuss the various business divisions that we have in place. Meeting regularly with someone who can learn the way you work and vice versa is what works for me.

James Willson, CREATIVE

25 ON INTERNET BUSINESSES GOING GLOBAL

There is no boundaries for internet businesses, as we are hosting all our global sites from Australia. And we do most of our business using emails.

For example, we do not have an office or staff in NZ, and our NZ site has just been selected the NZ site of the year.

When we moved to Taiwan, we tried to save time by using the same web page format as our Australian site. But it simply doesn't work. What works in one country may not work in others. Each country has their own style, so we re-designed the whole web site.

Bob Cheng, EmailCash Marketing

26 ON CREATIVITY

The creative traits I admire in an entrepreneur are the ability to understand his/her own brain preferences and to also understand that a successful entrepreneur is able to respect and accommodate the brain preferences of every client and colleague, plus:

- Focused hard work (not just hard work for the sake of hard work).
- Courage.
- Opportunity eyes.
- Seeing the future before others do.
- Practical, social ideas and spiritual creativity.

Kobus Neethling, creative guru

27 ON DEALING WITH LEADERSHIP WEAKNESS

My worst flaw as CEO is probably being too trusting. I've essentially always believed that most people want to do a good job, however that's not always the case and we've had our share of selecting the wrong people.

Yet even with the best tools in the world it's only possible to achieve an 85% success rate when looking for the most talented individuals. In my experience, being too trusting has also led me to, at times, not recognise sooner those people who aren't going to fit in with the organisation in the long term and making compromises.

John McVicke, IT Best International Group

28 ON WHY WE DO IT EVERY DAY

I am optimistic and trusting, and I believe in the potential of each and every person. I go to work each day challenging the people that I work with (and I have high expectations). I also genuinely do all that I can to instill confidence and provide encouragement.

Fortunately my business operates in a high-growth industry where the people are everything. I believe that if I coach my team to help each individual develop as fast as possible, then everybody wins.

Of course I have an ego. My name is on the door. But I have a belief that "there is no greater cost to any business than ego". I want nothing more than for my team to challenge my ideas, and be far better at their specialist roles than I ever could.

I want to see each person succeed, and I feel a great responsibility to create new opportunities within the business. I think my greatest strength has been finding great people and creating an environment where they can become even better.

While I have come a long way in the past few years through delegating responsibility, it's always hard to let go. Like many founders, not letting go from time to time would be my worst flaw.

David Trewern, DTDesign

29 ON BEST PR TIP

Run a "thankyou" program, to thank all of the word-of-mouth people who are your PR army out in the real world. There is nothing like being appreciated, particularly if you are not expecting it.

Carolyn Creswell, Carmen's Fine Foods

30 ON LEADERSHIP WEAKNESSES

I probably set unrealistic goals. I am looking down on it all and the people in it day to day say, 'Are you on drugs? Pull your head in, we can't achieve that'. Everyone needs to be reminded of what's realistic to achieve. But I have been a carpenter and a secretary so I have worked from the bottom up. It is not as if I can't relate.

Jay McAlister, The Imoda Group

31 ON NEW OPPORTUNITIES FOR ENTREPRENEURS

The top seven things I would go off and start researching right now?

Energy.

The environment.

New businesses in virtual worlds.

New forms of virtual worlds.

New forms of retailing.

And perhaps most important of all, new ways of actually helping these nine to 12 billion people live fulfilled lives with all the energy they need and to provide education, education, education.

Ray Hammond, futurologist

32 ON MARKETING ONLINE COMMUNITIES

The short answer is we're not really. I mean successful communities grow on their own. It's very difficult to market a community in any real way. I mean we are doing a little bit of PR which is kind of relatively free marketing, but we're not spending money marketing in more traditional channels.

So it's purely word of mouth and it grows from one network of friends to the next and it has done from the beginning and it's continuing to do so today.

Michael and Xochi Birch, Bebo

33 ON ACQUIRING LOTS OF BUSINESSES FAST

The way we buy companies is pretty simple. First and foremost we need to be able to add value to them, so there's no point buying if we can't add any value, because there's plenty out there.

Second component, they need to add value to us. And we also look for profitable companies that have made money and have got decent clientele and are growing at a rapid rate. That way we're not worrying about whether they're going to fall over or are they stable enough to grow and continue along our journey. But you also find the personality of the person you're doing business with is pretty important, so I normally find that you have a couple of lunches and a dinner and get to know the person, where they're from, what their background is, can you work with them day-to-day, because in the end, the organic growth is just as important as the acquisition growth.

We've been pretty lucky, but I might say I've bought seven companies in a very short period of time and you'll see another 10 to 12 companies being bought over the next 12 months, so it's a fairly aggressive growth pattern. To do that we might speak to 25 companies or 30 companies in order to find 10 good ones. But you don't buy every one you see and particularly you don't buy it if your gut says no. Your gut's normally pretty right. And you make sure that everyone's agendas are aligned.

In commercial terms, I buy in a mixture of cash and shares, so 50% cash and 50% shares. I tie in the management agreements. I have incentives for their growth as well, so they're constantly moving forward and trying to exceed their targets – and they want to do that. I also make sure that they're also able to work with the other partners involved because we're a little bit different.

William Scott, Smart Advertising

34 ON EXPANDING OVERSEAS

We choose the US because we say that America is the land of opportunity. We have the opportunity to place 2500 franchises in the US whereas in Australia and New Zealand combined there are only 120 possibilities based on the demographics.

We've moved into Texas, because it has five of the fastest growing cities in America and we've gone into an area where it has three of the fastest growing number of families. Texas is still very affordable in housing. You can buy a house and land here in some areas of Dallas for less than \$US50,000. You can't get that anywhere in Australia, no matter where you look, so it's quite amazing and a lot of families are moving into Texas which is great. I moved here in May for at least four years.

I wanted to make sure that every opportunity was given to the business in Texas by having me, the founder from Australia, hands on completely from delivering jumping castles last weekend through to training and franchise sales. I'm a very hands-on founder and franchisor.

John Newton, Jumping J-Jays

35 ON SELLING THE BUSINESS

It was a pretty full due diligence. We had all our records because from the day that we started we really were incredibly focused around the administration of what we were doing, mainly because our financial adviser was really insistent on that. And we both had run businesses before so we knew that to create value in the business we had to make sure that all of the administration of the business was completely... all t's crossed and i's dotted, and that certainly was the case.

So really it was a very full due diligence but we had all of our documentation, so it really was about pulling it all together and it took about three days to do that. It can take a lot longer, but we had a very well organised business, a business ready to hand over, and we had worked hard on that in the 18 months prior, so that if the time came to sell, that it was instantly saleable. It was hand-overable.

Fiona Boyd, Artshub

36 ON INTEGRATING ACQUISITIONS

We spent all our time and effort doing the deal and not focused on what was going to happen after the deal. It probably took us six or 12 months to integrate the two businesses together. In hindsight there would be more of a focus on after the deal, during those lead up months rather than just totally focused on the mechanics of the deal.

We should have asked: How were we going to integrate the two competing sites? Where's the line drawn between what this site does and what that site does, and it probably wasn't clear early on. Now I feel really good about where we are today, which is that Carpoint is our ninemsn audience and Carsales is our other audience, and that works very well for us in terms of explaining to agencies why they need to be on both sides.

For example Ford Motor Company or Toyota or Holden should advertise on both, because it is about the audience not just the brand. And it took us a little while to get to that conclusion, and that would have been the sort of thing we could have spent more time on early on.

Greg Roebuck, Carsales.com.au

37 ON CHANGING THE MESSAGE TO SELL MORE

Four years ago we moved away from selling the software for \$4000 per copy to having this bright idea of 'hey, why don't we rent it for \$200 a month'. Most of our clients are the high growth companies and they're the ones that really want good systems but also are cash-strapped.

We actually called it 'rental' first and no one liked the idea, so we changed the word to subscription and 90% of the people went that way.

Crazy. It went from 10% rental to 90% subscription.

Neil Bolton, Recruitment Systems

38 ON WHAT ENTREPRENEURS CAN LEARN FROM MADONNA'S BUSINESS TACTICS

You'd be constantly changing way before being forced to change by the marketplace. You'd never allow yourself to get locked into any predictable persona or position.

- You'd monitor trends in the distance and you'd stay ahead of them. You'd capitalise on those trends to get there first.
- You'd reinvent yourself even when your current products and services are popular before others imitate and catch up.
- You'd be constantly experimenting. Observers would agree that the words dated and safe and cautious don't describe you.
- You'd always invite and challenge your customers to change with you and you'd show them how.
- You'd be deliberately provocative. You'd try to stir people's reactions and emotions from delight to fear to loathing, but not indifference.
- You'd always be connected to reality. You'd stay close enough to the edge but not so far ahead that you'd lose your "audience".

Whatever you do, you and your organisation would do with passion and 100% commitment.

Your tone would always be optimistic, upbeat and fun loving.

Oren Harari, University of San Francisco

39 ON COMPETITORS COMING INTO THE MARKET

It's always hard when you're one of the early players in a space. You know, when you have competitors entering into a space, people say it must be really bad for you or bad for your business.

But I actually welcome it because it means that you're not the only ones spreading the concept or getting a message across. Otherwise you're really spending your money, not only educating about your business but trying to educate about the concept as well so.

David Gold, LookSmart, Azure

40 ON HIRING THE WRONG CEO

What I failed to do and I always point a finger at myself, was really search for the proven success and the achievements of the person that you are going to bring on board... to look at their credentials and look at what they've done in the past so that you are confident that, you know, this person can take it to the next level.

To check they have done it before: Well, that's what I failed to look into and I owed every business owner who's worked so hard to build a business to really understand what the business needs and the kind of people that their business require and that skill that the business required.

Sue Ismiel, Nad's

41 ON GETTING TO THE NEXT LEVEL

One, recognising that to grow a business at a reasonable level and to a reasonable size you actually have to let go of some of the things that you may have done in the past, and for me, as an accountant, that actually meant recognising that I couldn't look after all the clients who I'd looked after in the past. I needed to have them working with, and looked after by, other people – so I mean in the early 1990s I went from a stage of managing several hundreds of clients to narrowing that down and managing a much smaller group of clients on a personal level. They were still clients of the firm. The other part was to recognise that not everybody did it exactly the same as I did it. And that that was OK. Again it's this control issue.

Grey Hayes, Hayes Knight

42 ON MERGING COMPANIES

When you do it right it's like music. When you do it wrong it's like a cancer coming into the business.

The first acquisition we made a few years ago was only a little business, but we really didn't work hard enough on the cultural integration and systems integration.

Now we do it differently. We made a large acquisition three months ago of a company called Wholesale Communications Group which is a large wholesale telco. We had a very stringent 100 day implementation plan and we formed a project team for Project 100.

Everything from branding integration to physical premises integration to mail servers, software servers, mail servers, you name it; customer communications was completely detailed. People were allocated to timelines.

We flew team members from our management group into their offices and spent time there and vice versa and we did everything possible to make the two businesses feel like a family quicker and it's just made the world of difference. We're thrilled with how that's worked. I can't stress how easy it is to make mistakes in acquisition.

Vaughan Bowen, M2 Telecommunications

43 ON ATTRACTING STAFF TO ONLINE

We certainly look for people who believe in the industry. The online industry's still very new there and you're looking for advocates. People who can see the growth. That's not to say blue sky, but people who can really see the exciting opportunities in the online industry. We believe in recruiting to your potential so we often find people that are passionate and are looking for a fair go to have been our best team members. We recruit through online recruitment websites you know, and people who are using those are already a little bit in the zone.

Paul Greenberg, Deals Direct

44 ON HIRING THE RIGHT FRANCHISEE

That continues to be a challenge for us these days. It doesn't matter whether you're in the DVD business or any other business, franchisees can make or break a store. It's interesting that we have stores that under one franchisee don't do that well. The franchisee decides to sell the business and somebody else comes in and literally, in a lot of cases, overnight you can see the store starting to improve just by having somebody different behind the counter.

At the time we had external consultants that found suitable franchisees and they went through an interview process, a series of questions and tests to ensure that there is a right fit between ourselves and those franchisees.

And you do that to the best of your ability. Sometimes, you know, franchisees that you are not even 100% sure of, go on to do really good business, and vice versa. So sometimes trying to pick the right franchisee is not always that easy. And I would expect that would be reflected in any franchise business.

They'd have to be movie buffs to start with. I think knowing your product... and they've got a personality, they can get out there and talk to people, then I think that probably puts you into the box seat to become a successful franchisee.

Jim Zavos, EzyDVD

45 ON MANAGING TIME

I used to train people in airport lounges. We were very short of money but I was a member of the frequent flyer plan because I flew quite a bit. And because we used their lounge, basically I used their little offices in there and we did training sessions at the airport.

So I flew in, the midnight flight or about 6:00 in the morning, and freshened up and by 10 o'clock (had) the first training session and flew out again that evening. So it was pretty full on.

Barb de Corti, Enjo

46 ON FINDING IDEAS

Innovation used to come from locking a couple of people in a room, and to me (that is) diametrically opposed to what creativity is all about.

So we use everyone in our organisation to brainstorm ideas and we also realised that there's many brilliantly creative people out there that were clever enough not to get into marketing. They might be musicians, they might be comics, so we have an external network of people that we tap into when we need a fresh approach and then we have professional marketers that can craft those thoughts or craft those genesis ideas into a robust marketing idea that we can then deliver to our client.

We sign them to confidentiality and we say "look at it for half an hour, give us your thoughts". You know what? Whoever cracks it we'll give a \$5000 cheque to. So there's no downside for them.

Glen Condie, Maverick Marketing and Communications

47 ON CHANGING THE SELLING MODEL

The original idea was to be a clever manufacturer that sold rainwater storage and grey water treatment systems through third parties like Bunnings. But it didn't work. The systems needed greater explanation than third party sales people could deliver. But nor did it work sending out plumbers to sell the systems.

We learnt that to grow you have to question established principals, even if it means greater cost in the short term, so we decided to adapt the mortgage sales home consultation model for the sales process. We hired people who could sell and sent them out with laptops that could quickly provide plumbing solutions. Now we own the entire value chain, from sales through to manufacturing and installation, which means we control the customer relationship, leading to happy customers.

Andrew Pearce, New Water

48 ON NOT GETTING FINANCE FOR GROWTH

We faced a Catch 22: The growth depended on getting franchises but we could not attract them without growth. I decided to finance new stores personally to quickly create the brand that would give Healthy Habits leverage with leasing agents and get prime sites. It worked, and stores are now located in Queensland, Victoria, NSW and SA in prime highly visible shopping centres.

I learnt to ask for help: You'll be surprised who is prepared to stand up and support you. I also learnt to collect smart people around me and use their expertise and to be around positive thinkers.

Katherine Sampson, Healthy Habits

49 ON BREAKING THE HIRING RULES

I also do something I shouldn't in an interview. I always ask about their families. I lighten up the interview and get them to talk about their values and their lives. I want to hear their thoughts on politics because I want people who can express an opinion and are not afraid to do so. I don't want people who try and tell me what I want to hear.

I also hire people who haven't worked in the industry. For example, when I started CTS Travel, I was a frustrated business traveller and felt I could start a company that was very professional and understood the needs of business travellers.

I didn't hire travel agents, as usually their motivation for taking jobs in the travel industry was to get cheap travel. Instead I hired secretaries who were organised, had a nice manner and who knew the repercussions of bad travel management because in their past lives it meant their bosses had to stay overnight somewhere.

We pay market rates and I give them a budget and when they exceed the budget, they get profit share. I had people earning over \$100,000 when their counterparts in the travel industry were getting \$35,000. Too much salary and they don't succeed.

Philip Weinman, Vitamin Me

50 ON BUILDING BRAND EQUITY

I am a great believer in totally understanding the equity of a brand.

I like to come up with three key words/things that describe the brand in different ways and then translating that into everything you do. We knew the global positioning of Covergirl is "easy, breezy, beautiful" and it was our role to embrace that in everything we presented on the brand.

We built on that by making the product range easy to understand, breezy, (time saving with clear descriptions of what the products do) and beautiful (great images in all communication and merchandising).

Gillian Franklin, Heat Group

51 ON SPREADING THE WORD THROUGH VIRAL MARKETING

Most of our viral campaigns are web-based. What we're setting out to do is create a funny skit that shows what we are about as a brand, but which also has a strong reaction with the customer we are trying to target — so they will pass it on to friends.

If it doesn't have the instant shock or laugh, it doesn't work as viral marketing. We come up with the ideas by looking at relevant issues, things that we think are funny, or opportunities to take a dig at. We sit around a room — a marketing creative guy at Big River, our ad agency, my partner James and myself. That's it. Sometimes our PR gets involved if it has mass-market appeal.

From the idea, we figure out best media stream to launch it into. Then we generally send the email with the web video link to about 50 or 60 of our friends and they forward on and it gets momentum. We also put it up on MySpace and YouTube and MyProfile.

Generally, when the email gets to people involved in creative industries or advertising and office workers they will send it on. We're giving a funny distraction to people who sit at their desks all day.

Luke Baylis, Sumo Salad

52 ON EXPANDING THE EXPORT STRATEGY TOO FAST

I think one of the mistakes that we made was that we tried to expand too quickly overseas. At one point we launched in New Zealand. We were just about to launch in Hong Kong, London and Singapore. We started an office in Tokyo.

We were in South Korea with some ISPs there. We even had South Africa and a couple of other countries in the radar and we were just spreading ourselves far too thin.

We thought that we could franchise Hitwise by creating processes around how we'd expand the business.

But it's never really as easy as that and we just had our fingers in too many new markets and worked out that it would put the long term growth and prospects of the business at risk. We pulled out of Japan and Korea and it's one of those hard decisions that you make for the best.

Adrian Giles, Hitwise