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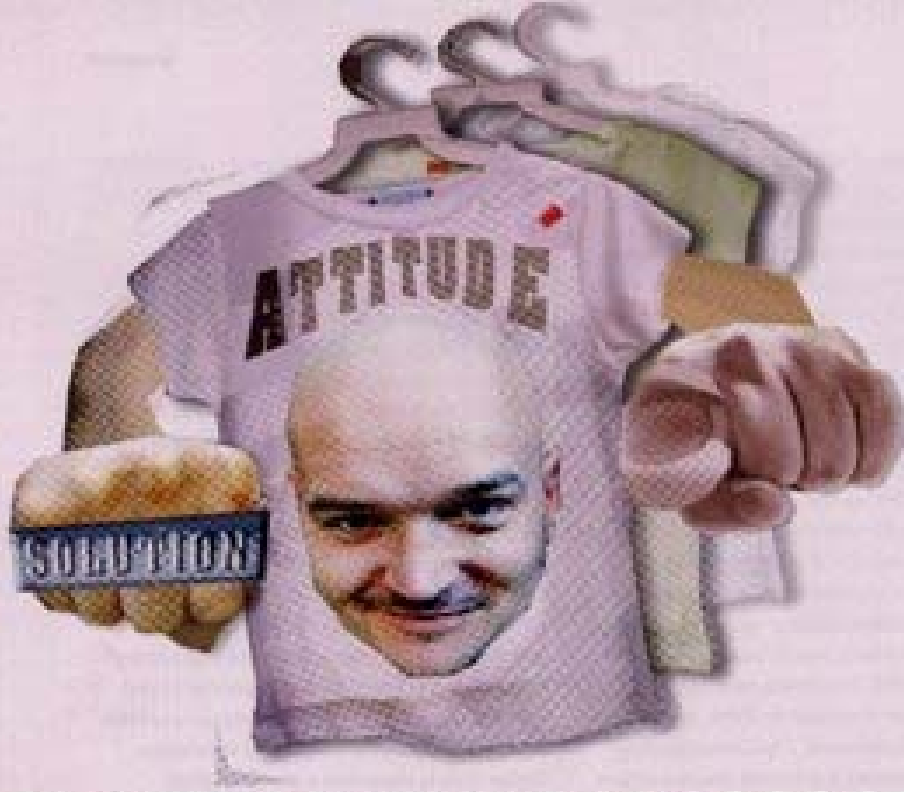
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bright sparks

Everyone's looking for that gap in the market, that ant-hole of opportunity that's just waiting for the right guy with entrepreneurial flair to come and bore it wide open. Even if he needs his own jackhammer. A new book, *Secrets of Male Entrepreneurs Exposed*, delves into the motivations, methods and madness of many of Australia's top young self-made men.



“ I love the freedom of being able to do what I want to do. If I don't want to go to work, I don't go to work.”

JUSTIN HERALD

IN 1995, JUSTIN HERALD BEGAN *Attitude Gear* with a range of T-shirts printed with slogans. The *Attitude* slogans were licensed and now appear on a wide range of products selling in over 3500 stores worldwide. Today Herald is a full-time speaker and writer. His first business/motivational book, *Would you like Attitude with that?* was a best-seller.

Attitude Gear came about when I was 25 and a lady told me that I had an 'attitude problem' - the only reason I started my business was to upset her! I had \$50 (which I borrowed) and that \$50 turned into \$100, which turned into \$200, and up it went. *Attitude* started as T-shirts with different slogans on them and then became an internationally licensed brand seen on cars, underwear, skateboards - 180 different products.

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've done about 400 slogans all up.

While some people 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. 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 my first year I lost \$36,000 to a guy who deliberately ripped everyone off. 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.

I love the freedom of being able to do what I want to do. If I don't want to go to work, I don't go to work. From day one I never worked past 3pm because I wanted to pick my daughter up from school everyday. My business has to revolve around me - I'm not going to revolve around my business.

My business style is easygoing. I don't do business plans, I don't do profit and losses and I don't do budgets. That means I don't forecast anything. I don't borrow money and I don't have overdrafts. Even with *Intimidate* (his new brand that includes eyewear, watches, colognes,

perfumes and accessories), so far it's only cost me what I needed to get a trademark. I'm not going to go spend a fortune on marketing when I think there are easier ways.

I take 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. Big businesses would have to go and ask their shareholders for permission, but I'll never float my companies - I'm in charge. I know what I'm doing and if I screw up then it's my fault.

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.

A lot of people get into business 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. 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.

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Secrets of Male Entrepreneurs Exposed by Dale Brannaman and Brenton Ting (*Dream Express Publishing* features candid question and answer format that reveal insights into how some of Australia's most successful entrepreneurs have achieved their goals. These include Brad Sugars (*Action International*), Simon Reynolds (*Photon Group*), Jim Zavis (*EzyDVD*), Phillip Mills (*Les Mills International*), Tim Pethick (*Noodle Founder*) and many more. Grab your copy today by dropping into your nearest bookshop or visit www.SecretsExposed.com.au



ANDREW WARD'S FIRST BUSINESS was a doorman on the verge of success when it lost its venture capital funding as a result of the downturn after 9/11. Determined to repay friends and family, Ward founded 3 Minute Angels, which provides seated neck and shoulder massages. Today, 3 Minute Angels employs more than 150 people around Australia.

In my final year at high school, some mates and I decided that when we finished our exams we'd go to Schoolies Week, so a bunch of us (including a few guys who were over 18), pooled together and bought a six-hour adult video. Back at the boarding house we showed the first hour of the video for free, but about an hour into it (at a particularly critical moment) we paused the movie and announced that we would be showing the rest of the scene the next day – with a \$2 admission fee. We did the same thing each day until the entire movie had been shown in one-hour instalments. We easily made our money back on that video (and others) and soon my mates and I had enough to really enjoy 'Schoolies'. There were some of the early warning signs that I had a bit of entrepreneurial flair!

Desperation is the mother of all invention. 2001 was a low point in my life – I'd broken up with my girlfriend, was working myself to the bone, I was broke and it looked like my family was going to lose its agricultural property. One day I was flicking through some old notebooks and came across a business idea that had been suggested by an ex-boss. It was simple – a shoeshine and back-rub business in busy shopping arcades such as the QVB building in Sydney. We'd thought that it could be called the '3 Minute Angels'.

Initially I thought that the massage staff could also carry a bag on their backs that would be like a mobile vending machine, so I went into pubs and clubs with a questionnaire and a clipboard and talked with people to find out what these 'vending machines' should stock. I ended up with around 1000 completed questionnaires.

Some mates who worked in bars introduced me to Ralph, the licensee of one of Sydney's most iconic pubs, Jackson's on George. I had a trial night where I massaged 50 people. I got their customer response sheets to Ralph within hours and he said 'yes' to the service.

The momentum began to build. I wrote procedures, recruited and trained staff. As well as doing the massage work myself I did the banking and accounts, organised marketing materials and made sales calls. At night, I would meet with bar managers and collect the night's takings from the 'Angels' then usually



“Girls thought it was just a pick-up line and guys thought I was some drug-affected gay guy!”

ANDREW WARD

finish a few hours before dawn.

The customer response was great most of the time, although it didn't help that we had no uniforms when we first started. Girls thought it was just a pick-up line and guys thought I was some drug-affected gay guy!

Within three months we'd made the press, we had over 30 staff and were bringing in good money from a small group of Sydney pubs and clubs. Word of mouth was firing and we were getting requests for Angels to come into offices and to functions. This natural extension is now the core of our business.

I wish I'd been more diligent in calculating margins and working out what was worth doing in the early days – often we'd do jobs that weren't sufficiently profitable. Also, I would have been slower and more deliberate in recruiting key people. Having the right team is essential. You need to find a balance between the values and characteristics of the people you want around you and the skills necessary for each person. In some

cases we ended up with the team we could source quickly and easily, but insufficiently skilled people in management positions can kill a business. In 2003/4 we had five people employed to look after the national operations for about 70 staff. Today, we have two national managers and over 150 staff thanks to the efficiencies created by investing time and effort in developing our business systems.

By the end of the 2003/4 financial year, we celebrated the completion of three consecutive years of nearly 300 per cent sales growth and broke \$1 million in turnover! We'd jettisoned most of our debts, and were set to roll out our biggest investment – our internal management technology.

I used to keep a book of quotes, which I found again recently. The first quote I had written in the book was 'If you're skating on thin ice you may as well tap dance'. When I decided to become an entrepreneur I adopted this as my personal mantra – 'Don't march to the beat of a different drum. Write the music and dance.'



“My bedroom turned into the storeroom - imagine a room with racks and racks full of computer game boxes, and somewhere, beneath it all was my bed.”

DOMENIC CAROSA

DOMENIC CAROSA'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. Today his *destra* Corporation, specialising in consumer entertainment and Internet business solutions, employs 80 people and operates in five countries around the world.

I was always fascinated with buying and selling. When I was five I'd get postcards from friends and family and would sell them out the front of my parents' home in the back streets of Richmond, Victoria 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 moved on to trading train sets and eventually video games.

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 recommend that all entrepreneurs go with their 'gut' intuition - it often informs you and gives you better advice than anyone can.

My younger sister, 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.

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. 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 at Sprint, when I was in my 20s, 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 deal with people older than me.

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

This is where it helps to have mentors and good business friends. They introduced me to the right people to start the ball rolling to float Sprint on the Australian Stock Exchange (ASX). It's not easy, it takes a lot of time and money and everything must meet a very high standard because you're dealing with the public's money. In May 2000, three weeks after the dotcom stock market crash, we changed the name of Sprint to *destra* and finally had it listed.

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 to create the biggest online music business in Australia - we had the largest independent music website in www.rmp3.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 capital cities. In hindsight, it was a complete waste of money. 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. I learnt to look carefully at where you spend your money - if you can't see a return on your investment, don't do it.

If you want to run a business you need to give it 150 per cent or there's no point in doing it. 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'.

JIM PENMAN WAS WORKING ON A PHD in cross-cultural anthropology and zoology, but his unorthodox views seemed to stall the academic career he had planned. As his PhD wound down in 1982, Penman's thriving part-time gardening job became a full-time mowing business. Today the one-man mowing service has evolved into the Jim's Group, with over 2600 franchisees in four countries.

I was doing my History degree at La Trobe University in Melbourne and I decided to have a go at gardening – earning \$1.50 per hour seemed pretty reasonable to me (this was 1970). I enjoyed it – after sitting at my 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.

My mowing business was going so well that I needed to reduce my personal workload, so I began by advertising my mowing round in the paper. 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 franchise. Their system made sense to me, especially the way it concentrated on working in one area. It allowed franchisees to reduce their travelling time, have security in case of illness or accident, gain discounts on equipment and insurance and make extra cash by selling off surplus jobs.

The scariest decision of my whole business decision was taking that leap into the entrepreneurial world of spending money to earn more. I was already doing a lot of the job of a franchisee – 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 – most of this was not very difficult.

Most franchise systems rigorously guard against franchisees 'stealing' their goodwill by going independent. I decided to make a key selling point of allowing my franchisees to do just that – whenever they felt like it they could walk out and take 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 to look after them. Another unusual feature was our work guarantee – 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 some free promotional work in return for their payments to get them out building their businesses. 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 necks. Within a decade we were double their size! 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 just laughed – registering two companies instead of one seemed like a waste of money to me, but I agreed to it, just in case.

By January 1992, franchises running in every Australian state and by 1993, we were starting to look overseas. I had been reading about lawn-mowing businesses and franchisees 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. In late 1996, we began Jim's Mowing in Vancouver, Canada, and by 2000 this had grown into 40 franchisees and we had also opened for business in the United States!

In late 1994, I was approached by a cleaning contractor named Jim Mahoney about a new division. Then someone approached us with the idea of mobile dog washing. After that we became Jim's Group and moved into Jim's trees, car cleaning, handyman and fencing – with more to follow. 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, and the mowing business was both seasonal and subject to weather conditions. Today Jim's is more like a group of joint ventures that has franchised everything from security doors to computers and book-keeping.

“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.”

JIM PENMAN

