

HEALTHY BOTTOM LINE

Luke Baylis and James Miller co-founded the fast-food chain SumoSalad in 2003. It now has 44 stores across the country and is expanding overseas. They talk to Gayle Bryant about their partnership



Luke Baylis (left) and James Miller

What led you to work together?

Luke: We initially worked together in Sydney at a small internet service provider. After that was taken over we were both transferred overseas, initially to different cities – James to Hong Kong and me to Chicago. Then he was sent to New York and we began to hang out together. We became really good friends and when we returned to Sydney we knew we wanted to work together.

James: Working together overseas showed us that we could be good business partners but it was just a question of what that business would be. We had both put on a lot of weight while working in the US and there was a trend emerging in that country for healthier food. We saw a niche for this in Australia and went for it. We were both making very good money before we started Sumo but while we could have put it into property or some other asset, we felt that the best thing was to do something with our skills set.

Describe your day-to-day work relationship?

Luke: We're best friends as well as business partners; we talk and discuss everything. By the time we came back from America we knew that we worked really well together. But the best thing is that we know that each of us has the other's best interests at heart, so that even if I can't make a meeting, I know that James will be there making decisions that will be best for the company.

James: I make decisions on areas I am managing and consult Luke if I am unsure or need a second opinion. The communication is always flowing and neither is in the dark about what the other is up to. He is well organised most of the time – except when it comes to keeping his desk tidy.

Can you describe your management styles?

Luke: We are both very down to earth and have similar skill sets, but different passions and motivations. It has worked well, though, because

what James wants to do I'm not so hot on and what I want to do he isn't so hot on. I like strategy and financial planning; James likes the more creative elements of the business.

James: I'm definitely better on the creative side of things, such as shop fitouts and choosing furniture, but while there is a good division of labour, the most important thing is to surround yourself with the right people. In 90 per cent of business most of the issues are people-related, and if you can't work with your staff and partners then you are likely to fail.

What are your strengths?

Luke: The best thing about our partnership is our complementary skills. My main strengths are macro thought process, persistence, and the ability to get people to support our ideas. I've learnt to test decisions and understand what their consequences will be. Getting a second opinion is also important, as is not being swayed by other people's bad advice.

James: I've learnt to choose the right people to go into business with. Their attitude to business is a direct reflection of yours. When you start off you have no money, and while your friends and family can help you to a certain point, there comes a time when you take the training wheels off and can employ people because you've got more cash flow.

What happens when you disagree?

Luke: We argue, but when it happens we are able to take a step back and work out a compromise. We don't leave work unless an argument has been sorted out. We certainly don't let emotion get in the way of a business decision. What is going to be best for the business is what comes first.

James: We've seen people argue in business and one of the main reasons tends to be because they feel someone isn't pulling their weight. That doesn't happen with us. In the US, no matter how hard we played, we always made sure our work didn't suffer.

How does the decision-making operate?

Luke: We really had to learn on the fly. This industry is the most competitive there is. There are no entry barriers and anyone can come in and build a brand. But we discuss everything. We started this business with family and friends helping, but when we grew and realised we had reached a point where we needed different types of strengths, we sat down with everyone and discussed what we needed to go forward. Some decided to leave because they didn't think they could add value to the business, but in all cases it was their decision.

PROBABLY ONLY ONE IN 10,000 PEOPLE COULD BE FRIENDS AND STILL WORK TOGETHER

James: In certain business situations we can test each other, but what we do is look at ourselves as a single entity and work out what is best for the business. We both have weaknesses but we can buy strong resources into the company to prop those weaknesses up.

How would you describe each other?

Luke: James is as motivated as I am, and he's also down to earth and logical. He has the ability to see projects through to completion, to analyse the retail business, and is analytical in other areas. He can manage the micro issues while still conforming to the macro plan, and is very creative in terms of the design of the stores. He has strong negotiating skills, and is compassionate and understanding, trustworthy and great at multi-tasking.

James: From a business point of view I would say Luke's best quality is his ability to see past the issues at hand and focus on the solution for the future. He is firm but fair with the people he deals with and is exceptionally honest, often to point where he errs on the side of good at his own expense. He has a quick wit and great sense of humour, which is a part of his everyday business approach. He is a naturally generous person who always goes out of his way to help his friends.

Were you concerned your friendship might be put at risk?

Luke: You have to look at all facets of someone's personality when going into business with a friend. There are certainly many friends who I couldn't work with, but if everything is positive then you can establish a healthy partnership both in and away from work. It's a matter of assessing your compatibility, skills set and motivations for doing it. If someone has different motivations and short-term goals then it may affect the relationship. James was best man at my wedding. Probably only one in 10,000 people could be friends and work together, so we are very fortunate.

James: We also decided to work to each other's strengths. There is no point putting a square peg in a round hole, which can happen if you have very different ideas about business. And we know how to switch off outside work, although this was one of the challenges when we first started. You do hear a lot about break-ups and litigation and businesses going under, but we trust in the partnership.

Are there any concerns that one of you may want to leave?

Luke: We both went into this business knowing that we would be here for the long term and that there was no quick fix. We didn't feel there was any need for an exit strategy unless someone offered us a silly amount of money. I want to be driving the business until I feel I no longer add any value.

James: There are no concerns about either of us leaving the business. We want to be able to one day rival Subway. They have 30,000 outlets so our plans are not short-term. We feel very much that our business is in its infancy and we intend to carry on working together to achieve our dream. If one of us wanted to leave we would of course talk about it, but it is just not in the picture at the moment. We are both focused on growing the business. **B**