

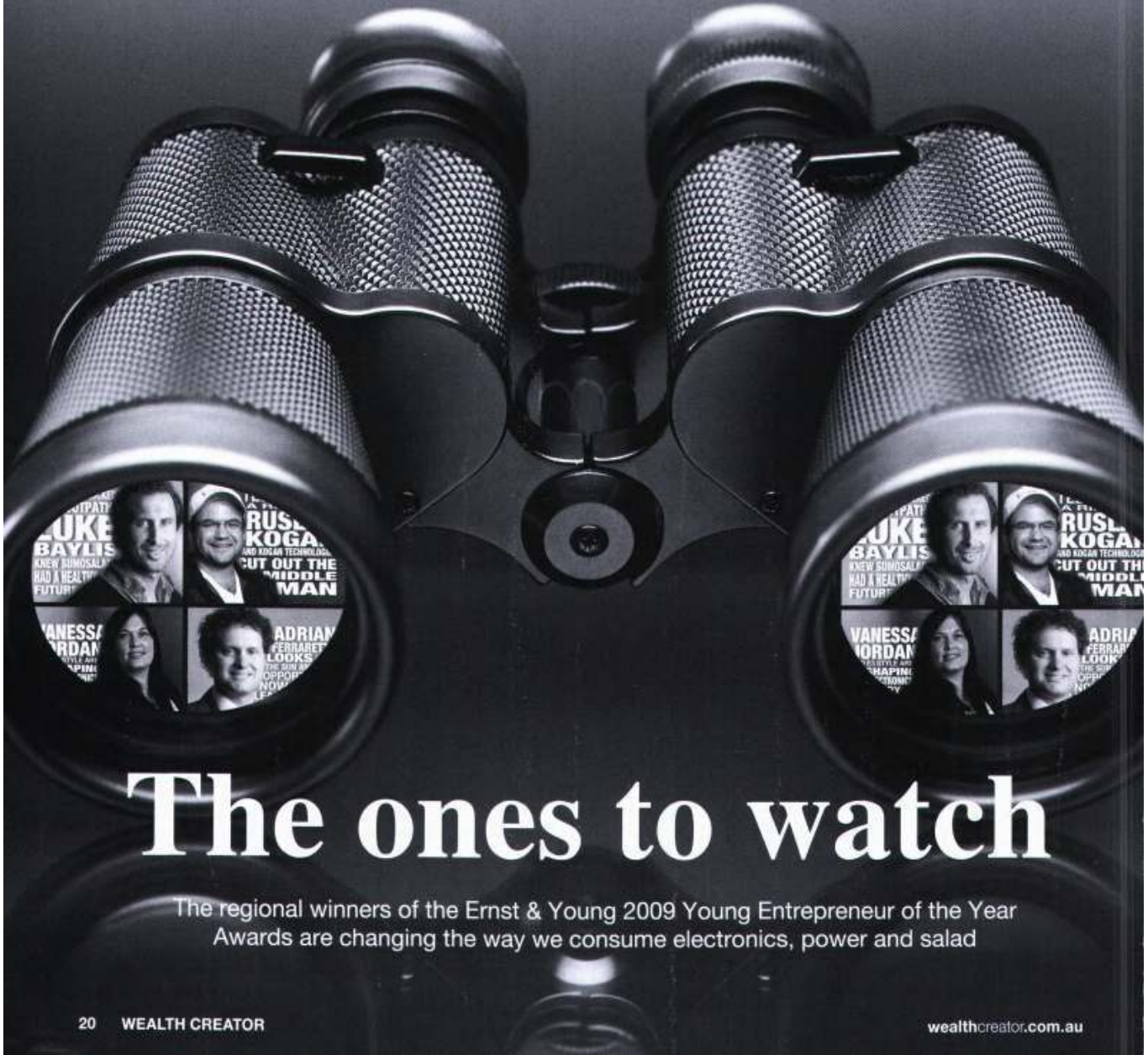


PROFILES

While innovation and entrepreneurship have long been bedfellows, it is only recently that the concept of entrepreneurship is becoming culturally embraced in Australia. Ernst & Young has been conducting its International Entrepreneur of the Year Awards in Australia for nine years, but as strategic growth markets managing partner Jon Dobell explains,

entrepreneurship has had different connotations over the years. "If you go to somewhere like the US or even parts of Europe, entrepreneurship or trying something new and failing and getting up and starting again is sort of an accepted part of how businesses grow and businesses are expected to work," he explained. "A lot of our [Australian] culture comes from wanting to do things and getting them right the first time and therefore if an entrepreneur does something but then

fails then we look at it culturally and say 'we thought it wouldn't happen'. "But if you look at some of the entrepreneurs we see now in Australia, if you go back they are really coming through for a second time. That is a testament to a changing culture we are developing in Australia." And on the back of this cultural shift a new breed of entrepreneurs is emerging in the country, as the regional winners of the Young Entrepreneur of the Year award category show.



The ones to watch

The regional winners of the Ernst & Young 2009 Young Entrepreneur of the Year Awards are changing the way we consume electronics, power and salad




AT A GLANCE

Name: Ruslan Kogan
Position: founder Kogan Technologies
Founded: 2006
Age: 26
Turnover: last year \$3.68 million
Growth: 400% this year

Ruslan Kogan has a simple business philosophy.

"My view on business is that any business which is successful has a story to tell – if they didn't they wouldn't be in business," he explained.

Kogan's path to heading up his own online technology empire started with a strong entrepreneurial spirit in primary school.

"I have run businesses all my life," he said.

"My first one was in Grade Three when I started selling golf balls on a golf course. I would go in at night collecting dirty golf balls and then I took them home, washed them, put them in egg cartons and took them to the golf course to sell.

"Following that I got a backpack with a hose in it, a chamois and a sponge and I went around to houses offering to wash their cars. Soon I had a list of clientele and I printed up business cards. I put in an answering machine at home because my parents have Russian accents and they couldn't speak English very well at that time. People were leaving messages and booking appointments and I forbade my parents from answering the phone. They were only allowed to pick up once they heard who was leaving a message because I was running a business – and that was in Grade Five.

"For me it has always been about looking at the market place and seeing how we could add value. There have probably been 20 businesses since then and now it is Kogan Technologies.

"When I was in the market for an LCD TV and noticed the cost of bringing one to Australia and what I could sell them for – and having IT experience and a bit of experience online – I could see straight away that it was a business that could work.

"My only doubt was really 'will people embrace a brand that they have never heard of?' but then I didn't even have a big doubt about that because I know the bottom line is that people really care about price. If you can get a big brand TV for \$3000 or one that has the exact same specs for \$1000 there will be consumers out there who don't care about the brand.

"We target educated consumers, people who can line up two sets of specifications and realise that it is the same product with a big price difference."

With the company growing rapidly on its informed customer base in Australia, Kogan's next target is international expansion.

"I have just come back from America where we have set up warehousing and distribution," he said.

"We are about six weeks away from having containers landing in the US. It is not only Aussies that love a bargain – Americans love a bargain as well. Based on what we have seen in the market over there, Kogan Technologies is going to be huge. The bottom line is that 25 times more people search for our products in America than they do here and they have more money, so it is going to be successful."



PROFILES

AT A GLANCE

Name: Vanessa Jordan
Position: founder and business development director E3 Style
Age: 31
Founded: 2006
Turnover: \$8 million last year
Growth: \$12 million expected this year

Vanessa Jordan joins a long line of entrepreneurs who saw the way the market was moving and realised they could do it better.

"My background was heading up sales for Crest Electronics, which is an AV electronics supplier," she recalled.

"I had started working with the major retailers and realised that for the most part they were starting to go direct to China.

There are a lot of pitfalls in doing that – many didn't understand that there was the language barrier and the costs that local suppliers in China add in all the time. The retailers didn't need

anyone to warehouse stock, they just needed more support with the branding and the artwork and sourcing products.

"We started to get into tooling the products as a point of difference in the Chinese market, so we own the tooling and the packaging and provide all the artwork and logistic support.

Basically we just give retailers the product that is ready to go and easy for

consumers to understand how it works."

Australian retailers were quick to embrace the concept, Jordan added.

"Within the first year we had all the major Australian retailers set up with contracts – now we are expanding internationally selling to Europe, South Africa, New Zealand and the US," she said.

"We are also now working with global brands, so we have developed products for brands such as Samsung and TEAC. We build [the products], do the artwork and then produce it under their brands.

"In terms of growth it is something we want to leverage a fair bit more in the future, because we can focus on product development and the global brands can use their own distribution networks to ship the products internationally. I think that has a lot of growth opportunities for us in the long term."

Jordan said the key to E3 Style's success was that the company focused on what consumers "actually want".

"There is a real gap in actual understanding – a lot of people may develop a product range which is only available once a year and then they push the hell out of that all year," she continued.

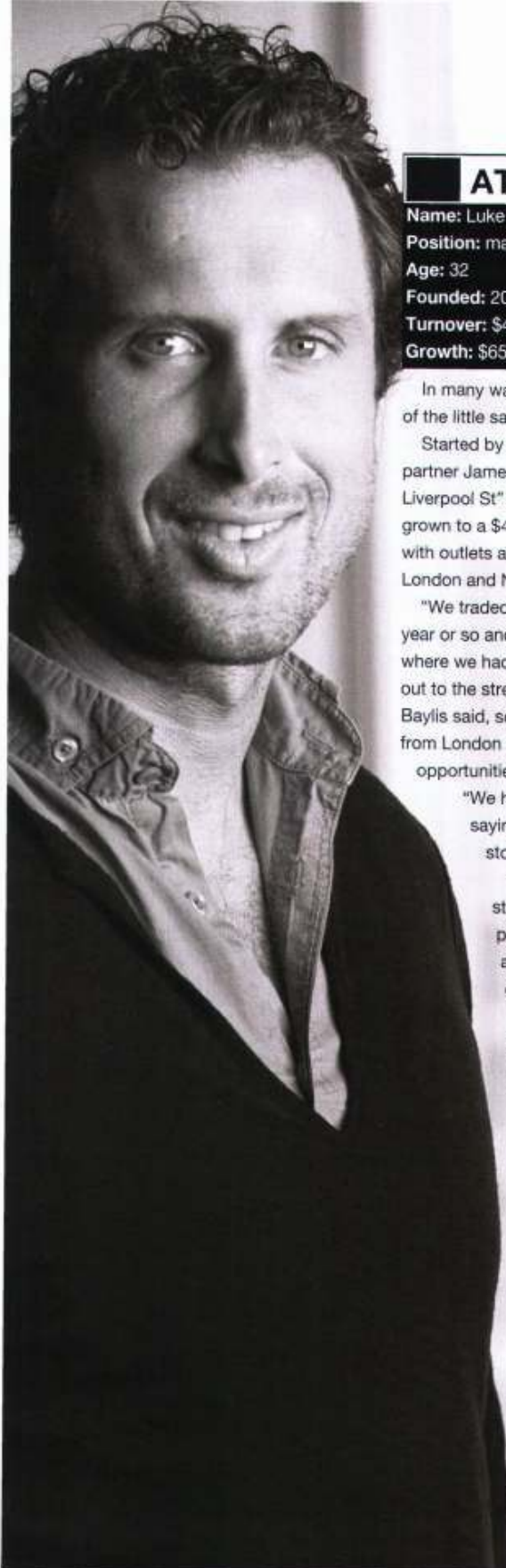
"It is all about how good their product is and it is not about whether or not the consumer wants it or the retailer wants it or how the retailer can actually sell the product.

"I am really not that emotional about what the product looks like or what the product is. If that product doesn't work then we will just go and get something else."

And her advice for other entrepreneurs?

"Stay focused. We had limited capital and a few issues when we started because it was our own money," she explained.

"I think many times we were sitting there and getting offered other jobs and you thought it might be easier to back out and not do it, but you have got to keep going. At the end of the day you have to believe in yourself and the ideas that you have got and you have to plan very strategically and stay focused."



AT A GLANCE

Name: Luke Baylis

Position: managing director SumoSalad

Age: 32

Founded: 2003

Turnover: \$48 million this year

Growth: \$65 million projected next year

In many ways, the story of SumoSalad is of the little salad bar that could.

Started by Luke Baylis and business partner James Miller in "a little salad bar in Liverpool St" in 2003, the company has since grown to a \$48 million international operation with outlets across Australia and in Dubai, London and New Zealand.

"We traded that [first store] for about a year or so and then we built it up to the point where we had huge queues 60 or 70 deep out to the street and around the corner," Baylis said, sounding sleepy on the phone from London where he is exploring new opportunities.

"We had a lot of people coming in saying we should put a lot of these stores right across Australia.

"We opened up five corporate stores and then just had so many people that were passionate about the business that we decided to go into franchising.

With all the success that Boost Juice had and all the positive sentinels in the franchising sector, it really helped us develop the business up to the 80 stores that is today."

The company's rapid success and growth under the franchising model has also been the biggest challenge for Baylis, he said.

"We had no real franchising experience or any experience in taking a business to this scale," he explained.

"We had management skills and experiences and we have been exposed

to different areas in other businesses, but because we have created something from scratch there has been a big learning curve. It is not like we developed a master franchise and read some manual and that was it. We had to learn along the way."

Baylis said the franchise community in Australia had proven to be a strong support network.

"We have looked at the success of other franchise businesses and they have been mentors to us," he added.

"We have had close relationships with our competitors and they have been very helpful in sharing information and not taking a selfish approach.

"I was surprised and to be honest it is such a great way of doing things. When we have other locations that come up or there are other ways that you can help them then everyone chips in and doesn't take that selfish approach.

"Obviously they look after their own business first but if there is room for anything else they will come in and assist you."

And the key to success?

"Make sure that you have the attention to detail and all the systems in place and all your problems are ironed out before you expand too fast because you don't want to just replicate the same problems," Baylis warned. "Once you have the foundation of the business really strong then look at expansion. I think getting the attention to detail is absolutely fundamental.

"It is also important to have a really good and sustainable point of difference, a really strong and robust team that bring new skills into the business and you must always be trying to incentivise and develop your people so that they stay and contribute more to the business."

As for future growth plans, Baylis said that further international expansion was on the cards.

"Singapore would be one of the ones we are looking at and also India, but they are at the early stages at the moment," he concluded.



PROFILES



AT A GLANCE

Name: Adrian Ferraretto
Position: managing director Solar Shop Australia
Age: 35
Turnover: \$75 million
Growth: Two years ago the company's turnover was \$6 million

Adrian Ferraretto can literally see blue sky in his business proposition, with Solar Shop Australia riding on the back of the growing popularity of renewable energy to grow turnover from \$6 million to \$75 million in two years.

"My imagination in the solar industry was piqued by the solar car race from Darwin to Adelaide," Ferraretto said. "I always thought it was amazing that they go across the country with no petrol or anything, just the power of the sun. I wrote to all the solar companies in Adelaide – where I am from – and eventually one of them gave me a job. I worked for them for 18 months and one of our customers was Solar Shop Australia – and the owner of Solar Shop was coincidentally also my ex-band manager. He asked if I wanted to come and join them."

Ferraretto said it was a risk joining the company, but a risk he was prepared to take.

"At that stage it was him and a sparky working out of a van, so it was a brand new business with nothing going for it at all – in fact it was losing money when I joined," he recalled.

"I was married and didn't have any children and my wife had a job so I was taking a bit of a risk, but it was the time in life to take it. I joined on a salary of \$20,000 a year and 25% of the company and shortly after I bought out the other two shareholders and took the business national.

"Since then we have just been expanding the footprint both nationally and internationally where we are trying

to do some deals at the moment."

With the Australian government bringing in rebates to install solar power as part of a deal with the Democrats to pass the GST legislation, many individuals and businesses have been prepared to invest in the new form of energy.

"[The rebate] has been fiddled with every year since 2000 so it has been pretty challenging to navigate all that," Ferraretto admitted.

"Probably the biggest change has been just recently when the government got rid of the rebate, then the solar credit system didn't get through the senate and they got rid of the remote system power rebate as well, which is quite an important part of our business.

"Right now as things stand things are pretty grim – the Government is playing poker with 4000 green collar jobs around Australia."

The removal of the rebate had an instant impact on business, with sales going from 450 deals per week to 10 a week almost overnight.

But Ferraretto is confident the impasse will be removed soon.

"What we are doing in the meantime is building pent-up demand from customers who are waiting and seeing," he said.

"I am a big believer in this industry and this company so this is just a blip in what will be a wonderful story for Solar Shop and this whole industry globally.

"Probably by the year 2015 it will be cheaper to buy a solar panel than to get power from the local utility provider and once we hit that tipping point things will really take off. Our business has grown very well. Since 1990 it has had 30% compound growth per annum. It grew 100% between 2007 and 2008, so it is a fantastic industry to be involved with."

While solar power companies have come and gone over the years, Ferraretto says the secret to Solar Shop Australia's success is a devotion to the fundamentals of business operations.

"It is good to be emotional and passionate about something but don't let that crowd the fundamentals," he advised.

"Make sure you can make a buck out of whatever your crazy idea is. We are working with a feel-good environmentally sound product but if it didn't make money then we wouldn't be in business." **W**