

Talking Business

with PETER SWITZER



September 2007

Carolyn Creswell	2
David Mills	8
Andrew Charlton	13
Bec Brideson	19
Jeremy Garling	25
Anne-Marie Spagnolo	30
Nerada Stern	34
Anoosh Manzoori	39
Dr Garry Tester	44
John Roca	50
Dr David McMahon	55
Belinda Rowe	59



Carolyn Creswell

is the founder of Carmen's Fine Foods, an Australian wholesale business whose gourmet muesli and breakfast bars are found in 15 countries around the world. Carolyn is a finalist in the 2007 Ernst & Young Entrepreneur of the Year Award.

www.carmenfinefoods.com.au

PS My first guest on *Talking Business* is Carolyn Creswell who is founder of Carmen's Fine Foods. An Australian wholesale business, Carmen's Muesli and Muesli Breakfast Bars can now be found in over 2,000 outlets Australia-wide including major supermarkets and airlines as well as 15 countries. The business is a true Australian start-up success story as Carolyn got started with just a \$1,000 loan from her parents and made her first deliveries in between university classes. Carmen's Fine Foods achievements were recognised when it was named a finalist in the 2007 Ernst & Young Entrepreneur of the Year Awards.

Welcome to *Talking Business*, Carolyn.

CC Thank you.

PS So how come someone called Carolyn Creswell has a business called Carmen's Fine Foods?

CC That's always the number one questions I'm asked. When I bought the business it was half of my name and I bought it in a partnership with the other person that was working there. So the c-a-r is from Carolyn and the m-e-n was from my partner's name.

PS Okay, fair enough, fair enough. And why did you get involved in this sort of thing? You were at university. Were you doing Food Technology or a big muesli eater?

CC No, it was my part-time job. So, one day a week, as people have jobs in the chemist or behind a bar, my job was working in a bakery one day a week making muesli. One day they said to me, "look, you're probably going to lose your job. We want to sell this little business and the new owners, whoever buys it, might want to run it themselves, so we're just giving you a bit of courtesy notice that you'll probably lose your job." And I thought, well, I loved this product, I already make it, why couldn't I be the one to buy it?

PS And what was it called in those days?

**Carolyn
Creswell**

CC It was just called homemade muesli. It didn't have a bank account, didn't have a business name, it was just a little gourmet niche product made for a few local shops. I went home and said to my parents, they're selling the business and I think I could keep this going. And my parents said that was a good idea. And I now, being a parent myself, think it's really courageous of them to not say, "finish your university studies and focus on having a conventional job." So for \$1,000 my partner and I bought into the little business and I've been doing it 15 years ever since.

PS Okay. Did the business only cost you \$2,000?

CC Yes, but it was tiny. Like I said, it was a really tiny little business and that's why I always tell people how much it cost so they can understand that it wasn't something insurmountable. In fact, the money was money I'd saved myself.

PS You weren't a spoilt little brat who was just given a business?

CC No, no. I'd earned that money myself so I didn't even have to borrow.

PS Okay. So how did you grow it from being small to where it is today?

CC I think I've always been a sort of tenacious person and when I started I never imagined it would get as big as it has today — it was always just the next hurdle I was focusing on. So firstly it was just to get into David Jones and eventually, you know, we got that contract and after two years...

PS But hang on. People listening now are saying, well, how did you get David Jones? You know a person like you at your age, how did you get into David Jones?

CC This is the thing that people don't understand. You ring up a switchboard and you say, "I've got a product, I want to present it" and you ask who the buyer is and you just ring this person and say what do I do about it? I've just come back from presenting all round the world. You just want to speak to the buyer when they are looking at reviewing

**Carolyn
Creswell**

this product range. Normally twice a year they're reviewing it. Sometimes I might have had four rejections when I go and I present, and when they reject it, I say "see you in six months" and eventually they know that I'll be back and that we're serious about what we're doing.

PS Okay, so as simple as that. So you've got David Jones...

CC So we've got David Jones and that was our first interstate client from Melbourne. You know, flying to Sydney I thought that was a pretty big deal.

PS I bet you listened to me on the way down for inspiration?

CC Every time.

PS Okay.

CC And the big break was really getting into Coles Supermarkets. I remember sort of being there, so nervous, and this buyer to this day still laughs at this girl with her bag of muesli samples doing my spiel, sort of shaking at the table, and he said to me, "I'll give you 20 stores to have a trial, deliver it yourself, and we'll see how it sells." And those 20 stores were the best merchandised, most beautifully taken care of stores. I'd take my little hatchback behind the semi trailers and unload my one carton and run around the front of the store, get it from the loading bay, put it all on the shelves. All the store managers knew who I was so it was really a labour of love.

PS How long ago was that?

CC That was 15 years ago.

PS Okay. We're talking to Carolyn Creswell, the founder of Carmen's Fine Foods. So then you have 20 stores and you have David Jones. When did you start feeling the momentum growing?

CC I think probably the real push was probably five years ago now, because the trend in eating moved from 99 percent fat free, very high sugar foods, to people wanting

**Carolyn
Creswell**

to be a lot healthier with what they ate. So with muesli people would laugh at me at a party when I'd say I've got a little muesli business. All of a sudden, muesli's become very popular, quite trendy and the juice bars and the shift in people's eating habits have really changed so our products moved from being quite fringe to quite a mainstream player.

PS Yeah, yeah, but what was the business acceptance that you'd actually arrived? Twenty stores at Coles is fantastic but there must have been another big development?

CC I think probably once we were listed in Woolworths as well because it meant then that we were basically available to almost every Australian customer if they have a Coles or a Woolworths/Safeway store near them. Once you've got that sort of distribution it means then from a marketing perspective your product's available to everyone and you can do much more mainstream marketing. Not that we do any sort of paid advertising or above the line marketing but we sponsor a lot of runs and golf clubs and cycling groups, and for all of those people it meant that they could go and buy the product in store.

PS And I guess what's really good about what you've got yourself into is that you can linger with the ethical side of business as well. Muesli is perceived as being something that's beneficial and nutritionists recommend it and that sort of stuff, so that's a great space to be in nowadays.

CC One of the best things for us is that we have nutritionists, personal trainers, dieticians constantly recommending our product so we write to them as a marketing ploy and say that we're happy to give them product to give to their clients because we sort of view those people as influences in society and they're constantly telling people day in, day out, about our products, so it really gets the word out there a lot more.

PS Okay. So what were you trained in at university?

CC I did an Arts degree in Politics and Sociology, so nothing to do with business.

**Carolyn
Creswell**

PS So you were really ready for business?

CC Yeah. I think the thing about university is that it teaches you to think and even though I haven't got a business degree, everything I've learnt has been as I've gone. I understand research. At school you're much more spoon fed; at university you just have to go out and they say go and find out about this and you've got to go and research and find out. That's the same in business now. We do a lot of work with Qantas and they'll say this is what we're looking for and we just research the market — you just view it like a new university subject.

PS Okay. So people on the plane may well have eaten your muesli as we speak?

CC I hope so, yes, absolutely. We've been supplying for about two years and we just started off doing our muesli bars and then it's slowly grown and we now do quite a lot of work in all ranges of international and domestic Qantas flights.

PS That's fantastic. Now, how big is the organisation? Like, how many employees and things like that?

CC Well, we've got ten employees. We turn over \$10 million this financial year and growing pretty rapidly. So the big push, the exciting news for us is our success in exports. I've just come back from a trip where we've been listed in Sainsbury's in the UK. We've just been listed in Waitrose — another big supermarket chain there. A big supermarket chain in New York — Whole Foods — have said that they want to list our product, so the fact that a small Melbourne-based company can be exporting to these major supermarket chains around the world is really, I think, very exciting.

PS Well, you must be a candidate for Austrade Exporter of the Year soon?

CC Yes Austrade. I've just been away with them this trip and they are so supportive. I can't tell you how... We couldn't have done what we've done without the help they've given us. The introductions! You know, they'll bring a big buyer to

**Carolyn
Creswell**

a tradeshow and because they're government, they have that credibility that they can bring that person to introduce them to us and I'm very grateful.

PS It's like for once in your life you actually believe that old saying, "I'm from the government and I'm here to help."

CC Well, I think that people have this attitude with the government that they have to do everything for you and that they need to find the buyer and they need to almost make the sale and if they haven't done it from start to finish, they feel disappointed. My view is you've got to just do it yourself. However, if you can get a bit of information or a bit of advice from people along the way and be grateful and not expect them to do everything but get them to help you along your journey then I think you'll have a lot more success.

PS And one interesting thing is that obviously you outsource the making of the muesli nowadays but this is a product that's made locally — you're not sending it to China or Asia. You can make food here!

CC I have a lot of different beliefs in business. One is that our products should be Australian and that our packaging should be Australian. I could save 10 percent by buying my packaging from Asia but my belief is that if we keep the money in Australia then it just helps the whole economy and I have a strong belief that you should have a really happy work environment. So we have a great bunch of people, we have a kids' room at work if people want to bring their kids up after school. You know, we all have lunch together everyday. We have a really great work environment and I think it gives people room to thrive in that space.

PS Without a doubt. Now, if people want to go to your website I'm sure you must have a website — what is it?

CC We do — carmensfinefoods.com.au

PS It's been a great pleasure talking to you and good luck with the award.

CC Thanks very much.

David Mills

is the Managing Director of The Chefs Toolbox, a company that has recently emerged as one of Australia's largest brands in kitchenware, earning a place on BRW's list of fastest-growing start up companies.

www.chefstoolbox.com.au

PS My next guest on *Talking Business* is the Managing Director of The Chefs Toolbox, David Mills. Established just three years ago, The Chefs Toolbox has emerged as one of Australia's biggest brands in kitchenware, earning a place on BRW's list of fastest growing start-up companies. The key difference between this company and other kitchenware brands is its unique sales model and its use of technology to overcome obstacles. David strongly believes that the success of the business is largely due to avoiding shopfront retail and he will share with us some of his top tips for avoiding the shopfront retail traps.

Welcome to *Talking Business*, David.

DM Thanks, Peter.

PS Tell us why you're so negative about the retail shopfront?

DM Well clearly the vast majority of retail sales do occur in the traditional shopfront, however our view, The Chefs Toolbox view, is that there's a squeeze happening between the internet at one end of the spectrum, which has lot of efficiencies and in many cases is lower cost for the consumer, and companies like The Chefs Toolbox at the other end, which are focusing very much on very high personal service for the customer. The traditional retailers are somewhere in the middle with a relatively high-cost structure so they can't compete as well. They don't offer perhaps some of the consumer benefits that the internet might offer as far as information but they also don't offer the degree of personalised service which certainly The Chefs Toolbox offers its consumers.

PS Okay. So tell us about your typical customer.

DM We have a very broad customer base. The Chefs Toolbox, we design and have developed a range of kitchenware, pots, pans, knives, utensils and so on and pretty much anyone — my six-year-old son cooks and my grandmother at 84 cooks — so that's a very broad customer base. We sell through an in-home demonstration party-plan type approach.

**David
Mills**

PS So you're like Tupperware, you turn up and you show your stuff?

DM It's very similar to Tupperware in concept. The thing which we have brought to the party-plan space is an education and a lot of interaction. So our parties, if you like, are called Cooking Workshops. The Chefs Toolbox consultants go into people's homes and give a cooking class for free, so they're teaching people how to cook risotto or sticky date pudding or paella or a range of different things, obviously using our products.

PS So let me get this straight. You get a mob of people together, you cook them a wonderful meal, and do you occasionally give them a glass of wine as well with this meal?

DM Wine is often... It goes with food so it's a nice match.

PS Yeah, I would have thought so. Okay, and then after this wonderful experience you suggest that the utensils that were used maybe could be good in the kitchens of the people who have enjoyed themselves. Is that basically the model?

DM You've pretty much summed it up, yes.

PS Sneaky, mate, sneaky.

DM Well, we do have a lot of fun. Our motto is *Cooking is Fun* so the idea is to show people that cooking is fun but obviously we're in the business of selling lots of products so we see ourselves very much as a service business.

PS Okay. Was there a business model that you looked at and said, yeah, that's a great business model, all I have to do is think of a great product to go with it and you came up with this or did you have a life invested in kitchen products?

DM No, I love cooking. It's a passion but not in the sale of kitchen products, no. We really came to this with a clean sheet of paper. We were looking for a way of capitalising, if you like, on the interest that an enormous number of people have in cooking and you've seen the rise and rise of all its

**David
Mills**

celebrity chefs. Our feedback that we've had from people is that a lot of people were watching the Jamie Olivers of this world but won't try and replicate those recipes — they don't have the confidence — so if we can show people that actually cooking a risotto is really easy... And here you go, pick up the spatula and stir it this many times...

PS So a spatula makes risotto easy? Is this the point is it, mate?

DM Particularly silicon spatulas are awesome, yes.

PS [laughter] Fantastic. We're talking to David Mills who's the Managing Director of The Chefs Toolbox. I know when I look at programs like Nigella Lawson, and I've got to say Nigella's a little bit more appealing than you, David, you see her actually using her own products so there is a real history there, a recent history that you connect the cooking to the products and you feel like buying the products when you see the whole wonderful experience, I presume?

DM Well, that really is... I mean, I can't suck my thumb as well as Nigella can.

PS No you can't, you wouldn't interest me one little bit, but go on.

DM But The Chefs Toolbox is really a service company which happens to make all its revenues from selling product, but our consultants out in the field are giving a great service as far as the cooking class. Anyone who's attended any cooking class, whether ours which is free or one they've paid for, you watch what the chef is using and you'll say, gee, part of their success came from the products that they used, so you'll be inspired to want to use those products. The one thing which The Chefs Toolbox does is you actually get the customers up to use the products so it's a try before you buy, if you like. So they're actually using the knives, they're using the cookware, and if they don't like it then obviously they don't buy it, but fortunately a lot of them do like it.

**David
Mills**

PS Oh, without a doubt. So do you find also that once they've had the nice experience and they've probably bought at least something as a token of their wonderful experience, you've also got them as potential loyal customers to buy other things and I guess you can send them brochures and all that sort of stuff to up-sell them?

DM We do have a very high repeat customer experience so that's something we track and we have just last year launched our online shop so we are doing a lot of sales through that and a lot of marketing to people that have experienced The Chefs Toolbox and for one reason or another can't get back to another cooking workshop. The one downside, if you like, to the way we distribute is you can't just wander down to the local shopping mall to find our products so we've set up this online store which tries to marry benefits of the internet, which is some of the convenience and so on, with the benefits of us where The Chefs Toolbox gives very tactile experience to the customers and they try before they buy.

PS What's the challenge for you in terms of the tactile experience? I'm sure lots of people like to pick up a knife to feel how it is. How do you overcome that kind of objection?

DM Well, our primary sale and still well over 90 percent is very tactile because customers are actually using the product prior to purchasing. Once they've used the product if we have a special online three months later, they have experienced the product. We don't have a large online customer base that's never purchased from us before, apart from a small number of extremely unique products, but most of our customers online are prior customers that experienced the products in cooking shows.

PS And so how many parties do you actually hold around the country now?

DM It's just under a thousand a month at the moment.

PS A thousand a month?

**David
Mills**

DM Well, last month we grew at 40 percent, month on month, so we're growing quite quickly.

PS Yeah. A thousand a month? How many instructors do you have?

DM Three hundred and fifty consultants, we call them.

PS But they would have to be chefs, wouldn't they?

DM The vast majority... It's a running joke that they're Chicken Tonight women. Most are women. We give a lot of training and support on the cooking side of things. The majority of our consultants didn't enjoy cooking at least before they joined us. But we have a cooking guru that teaches them how to cook and then they go and share that with their customers.

PS Fantastic. They must have great personalities if they weren't great at cooking but they can talk to a group?

DM They tend to be able to talk underwater yes, and they're a lot of fun.

PS [laughter] Fantastic, mate. For people who want to know more, the website?

DM Yep. Obviously www.chefstoolbox.com.au

PS Mate, thanks for joining us on *Talking Business*.

DM Thanks, Peter.

Andrew Charlton

is an academic at the London School of Economics and the author of *Ozonomics* a incisive new book that investigates the myth of Australia's economic superheroes.

PS On *Talking Business* I'm joined by Andrew Charlton who is an economist, author and academic at the London School of Economics. We're living through the second longest boom in Australia's history and both our major political parties want the credit for our economic success. Andrew has recently released a book that looks behind the political smokescreen to reveal just how much of the rhetoric we should believe. The lead up to the federal election in which the economy will once again be an essential issue makes this discussion an extremely relevant one. Andrew has won wide acclaim for his arguments from fellow academics to Nobel prize winners.

Thanks for joining us on *Talking Business*, Andrew.

AC Thanks very much.

PS Why don't you tell us about your background because obviously you're going to make pronouncements on some of the most significant politicians of all time, so let's hear your background?

AC Well, I'm a Sydney boy.

PS Good start.

AC Grew up in Sydney and went to Sydney University and then did an economics degree at Sydney University and went to Oxford University after that to do a Masters. Then went to work at the United Nations and came back to Oxford to do a PHD and then have been at the LSE where I wrote this book.

PS Fantastic. Of course one of the most illustrious economics students at LSE was Mike Jagger, wasn't it?

AC Right. Went onto to do great things for the economy.

PS [laughter] He sure did. Well he certainly made a lot of money for the UK economy and probably paid a lot of tax along the way. Why don't you tell us your interests in the Australian economy and the views that you might have

**Andrew
Charlton**

on who was responsible for some of the 15/16 years of economic growth?

AC Well, let me start by saying that there were two events which caused me to write this book. One was a very simple event — me sitting in my living room with my house mate in London. We were watching the news and the finance report came onto the screen and my flatmate turned to me and said, “what does this mean?” The finance report was reporting on the price of gold which had gone up one cent or two cents that day, and she looked at me and she said, “Andrew, you’re an economist.” That’s something which she always says with a certain tone of disdain and she said, “what does this mean?” and I had to admit it didn’t really mean much to me at all. It was sort of a minor market movement which I couldn’t imagine had much relevance to most people, maybe some metal traders are interested in that kind of information but presumably they have their own sources of knowledge and don’t rely on the six o’clock news, and so it sort of dawned on me that a lot of the economic information that we’re bombarded with every day in the news media is probably not the most relevant economic information.

PS Unless it’s provided by one Peter Switzer — then it is always very relevant, but go on.

AC [laughter] I have no doubt about that. And my housemate’s an extremely intelligent woman, has worked for governments in different countries around the world but economics is just one thing which has always been a bit mystifying and a bit boring for her.

PS She’s economically challenged.

AC That’s right. She has a blind spot in her otherwise full repertoire of interests and knowledge. So that was one of the reasons to write the book, to try to sort out the flotsam and jetsam from what really matters in the economy.

PS And give us the title of the book while you’re going along.

AC The book’s called *Ozonomics. Inside the Myth of Australia’s Economic Superheros*.

**Andrew
Charlton**

PS Okay, keep going.

AC Then I guess the second event which caused me to write the book combined with that was the 2004 election, which as everyone knows was fought in Australia on interest rates and there was a lot of misinformation in that election about the role of government and interest rates. Afterwards the Reserve Bank came out and said. We are really the ones that set interest rates and the power of the federal executive to influence interest rates is actually reasonably limited. So for me the combination of having a large number of people in the community who perhaps find economics a bit boring and a bit mystifying and the fact that economics has such an important role in our elections and the way that we vote meant to me there was a very real need to work on something which provided a bit of information about the economy in simple terms and provided an accessible introduction to the Australian economy.

PS Okay. So everybody, we're talking to Andrew Charlton who's written a book revealing who really is responsible for the great economic performance in Australia. Is that a fair call Andrew, are you going to be telling us this?

AC Yeah, that's certainly part of the book.

PS Okay great, and people would care, so why don't you tell us?

AC Okay, well in my view the Australian economy today is a radically different economy than it was in the early 1980s.

PS And who do you blame for that?

AC Significantly more flexible, significantly more dynamic and I think if you look at the steps that were taken between that point in the early 80s when Australia was on track to becoming the poor white man of Asia...

PS White trash of Asia?

AC Poor white trash of Asia. [laughter]

**Andrew
Charlton**

PS Max Walsh always used to say that.

AC ...to where we are now, which is one of the golden economies in the world, envied by many other nations. If you look at the steps that took us from that point in the early 1980s to the point we're at now, I think a lot of those steps were taken by the previous government.

PS So who do you blame, Hawke or Keating? [laughter]

AC Well I think they certainly both approached the economic restructuring with a sense of teamwork and they introduced massive reforms which fundamentally changed the nature of the Australian economy. Tearing down of the tariff wall, floating the dollar, a wave of competition policies and microeconomic reform, introduction of foreign banks, privatisations — those things really dramatically changed the Australian economy and the level of those reforms, I think, it's hard to argue that we've seen a comparable rate of economic reform with the current government, which is a bit paradoxical because most people see the Howard Government as being very strong economic managers and having a great record on economic reform. I think just in comparative terms, certainly their record is considerably thinner than the previous government's.

PS Yeah, in a sense a lot of the hard work had been done and in actual fact I heard John Howard two or three weeks ago actually admit that of three of the biggest reforms in the Australian economy, two of them were actually done by Keating and Hawke. But he didn't actually say that at the conference because most people didn't realise that they were responsible for it, but the interesting thing is that the Howard and Costello era has actually introduced the one part that Labour probably always found quite difficult — reform of the labour market. What's your view on what they've tried to do in terms of reforming the labour market, because politically it's got them into trouble, hasn't it?

AC Sure. Well I think the first thing that I'd say is that the recent wave of IR reforms have received a lot of attention but in terms of the scale of reform for the labour market, the

**Andrew
Charlton**

current reforms pale into insignificance in comparison to the labour market reforms in the 1980s. I mean, we should be clear that the labour market in Australia in the 1980s was one of the most unique labour markets in the world. The introduction of a centralised accord with the union movement and centralised wage fixation was a massive change and whether you think it was a good idea or a bad idea, there's no question that that was one of the most radical labour market policies that has been followed in a Western country in the world. Then subsequently to unravel that within the same government and move away from that centralised wage fixation system towards an enterprise bargaining model was again a massive change the likes of which we haven't seen since.

PS And also someone like Bill Kelty should be recognised for his role in dragging the trade union movement along with Keating out of their old ways.

AC Absolutely, and you know again amid all the current demonisation of the union movement, particularly by the coalition, the union movement when they were in the accord with the ALP in the 1980s held back real wages in order to increase the share of Australia's national output going to profits, going to business, and they did that because they felt that real wages were too high and they understood that they needed to improve the competitiveness of the Australian economy. So that was a case of unions being in power and actually holding back the wages of their members for the benefit of the Australian economy. You asked me about the current wave of reforms and their place within this history of labour market reform and what I'd say is that there are probably times in Australia's history where workers have too much power and the government needs to step in to pare that back and there have probably been other times where businesses have too much power and we need to tilt the needle away from them. I think it'd be had to say that right now we're in a time where workers have too much power. If you look at the wage share and the profit share over the last five years in particular, the wage share has been going down and the profit share has been

**Andrew
Charlton**

going up, so in a time of record profitability of business and declining wage shares, it does seem a bit strange to think this is a particular time where we need government policies which tilt the balance away from workers and towards business and yet that's what we're seeing. So my view is that part of that is probably politically motivated, an attempt by the current government to sort of attack the funding base and the support base of their opponents as much as it is about really improving the labour market in Australia's long-term well-being.

PS It's interesting because it also coincides at a time when they've actually got power in both the Senate and the House of Reps, so I think in a sense from a government that's linked to business it was just one temptation they couldn't ignore.

AC Right, yes.

PS So let's talk about the book. If people want to see it, it's called *Ozonomics*. And who is the publisher?

AC Random House.

PS Mate, thanks for joining us on *Talking Business*. Very interesting. Ten minutes goes quickly but we've enjoyed our time with you.

AC Thanks a lot, Peter.

Bec Brideson

is the Creative Director of Venus Advertising, the only agency in Australia that has specialist skills in marketing to women.

www.venusadvertising.com.au

PS On *Talking Business* I'm speaking with Bec Brideson who is the founder and creative director of Venus Advertising. Capitalising on global figures that show women buy or influence 85 percent of consumer purchases, Bec set up the first ad agency in Australia that focuses entirely on the women's market. She suggests that many Australian companies are missing out on good opportunities through lack of commitment to the right kind of communication with women. Venus Advertising has grown to have a staff of 12 in just two years and have put their skills to work for campaigns for Australia's largest online florist, Roses Only, and even the relaunch of the Moonee Valley Racing Club.

Welcome to *Talking Business*, Bec.

BB Thank you.

PS Gee, I'll tell you what, is Moonee Valley Racing Club the racing club that's more in touch with its feminine side?

BB Well it is now, thanks to the work we've been doing with them.

PS Yeah, I bet you the fillies and the mares are always winning at Moonee Valley since you got involved!

BB Absolutely. In fact the whole tone of that racecourse is definitely lifted and found its feminine side.

PS Yeah, well I've got to say if there was one reason dragging me to the track when I was a young bloke it was all those wonderful fillies and mares in the bars and the champagne bars and things like that.

BB Well, that's an insight that Moonee Valley have capitalised on so yes, you're quite right.

PS Without a doubt. The age old attraction between men and women still works in advertising. It's good to see, Bec. [laughter]

BB Yes. [laughter]

**Bec
Brideson**

PS Why don't you tell us your background?

BB I've been in the industry for 16 years. Worked in multinational agencies in Melbourne, Sydney and Auckland for four years before deciding that there was a real emerging market and an absolute lack of females represented in the advertising industry so I started an agency.

PS Why do you think that's the case? Given the fact that women are fantastic purchasers, 85 percent we say they influence consumer purchases, it seems strange that the advertising agencies didn't have lots of women in there.

BB Yeah, they do have women but they're not in the positions that influence the work that gets made in advertising. There's actually only six percent of female creative directors so I'm in an elite group there, and in terms of creative people — they're the people that come up with the ideas — there's quite a bias to men. In fact, there's 77 percent of men so it's almost an inverse proportion to the women who are actually receiving communication and buying the goods. So there really is what we call an empathy gap.

PS Yeah, more than that there's actually like an intellectual discontinuity there because how many men understand women? Not even married guys understand women and we've got experience!

BB [laughter] Well look, we can all learn to understand each other but there is something called natural empathy and it's a bit like being left-handed or right-handed. You can train yourself to be the other and to use the other but it doesn't come naturally.

PS No, without a doubt. And as you say, I think the empathy issue is very very important when you're selling to women.

BB Absolutely and that's why I'm not saying that we only hire women, in fact we have an equal amount of staff, but if we're trying to capture the hearts and minds of a female audience, we have our females on it.

**Bec
Brideson**

PS And I guess it's not ridiculous to think that some men actually do have a good handle on what women want.

BB Yes, an empathy is a skill that humans either possess or they don't, and men can be very empathetic towards women. It's just that they seem to have more of a natural empathy for selling beer than for selling goods for females.

PS That's because there's a passion between men and beer. That's the real issue I think.

BB And I think that's why we see such fantastic beer advertising in this country.

PS Yeah, that's true. So what were the challenges for you when you opened up the door on a new agency and you were targeting women?

BB Well there are quite a few difficulties there and one was I started as a one-man agency...

PS How about one-woman agency? [laughter]

BB [laughter] One-woman agency. I needed to create the illusion that there were a lot of people behind me and supporting me and I knew there were. Everyone I'd worked with over the years had said, you know, "build it and we'll come" so as soon as I had some clients I was able to quickly staff-up, but one thing with marketers is that the hierarchies within organisations are quite often male and they feel that this might be a sexist debate and that perhaps they're being threatened for being men. It's not the case at all. It's actually about capturing the bottom line dollars and getting a greater return on advertising investments.

PS Which basically makes sense. We're talking to Bec Brideson who is the Creative Director and founder of Venus Advertising. So who was the first client who said, yeah, let's give this girl a go — she might know something about women that we don't know?

BB It was actually Chatswood Chase, a shopping centre on the north shore in Sydney and they're part of what is now

**Bec
Brideson**

called Colonial First State Property Management. They have over 30 shopping centres national and obviously there is a large proportion of their target audience that are women.

PS Yeah, without a doubt, and so what was the big hook?

BB The big hook for...?

PS For bringing women to Chatswood Chase. You must have had something that was sort of a standout hook for the actual advertising you used for that first client?

BB It's all a matter of tonality and speaking to women in a way that they like to be spoken to — with warmth and intelligence for Chatswood Chase and respecting the women who are shopping there. They love to be treated well, it's a beautiful centre and it's actually how we approached the work with them rather than, you know, they've already got a large amount of women shopping at that centre, so it's retaining those customers.

PS Okay. So what's it like working in your agency because we always have those images of blokesy men dropping expletives and all that sort of stuff? Do you put that sort of scene on it as well in your agency?

BB Well, I am guilty of dropping the odd expletive. [laughter]

PS [laughter] I thought you'd deny that.

BB I used to get told I have a mouth like a wharfie but maybe that was whilst I was trying to fit into a very male environment and other agencies are notoriously very male — there's beers at lunch time and pool tables — and I certainly didn't feel that I fit that model and you know I used to start Monday mornings at my other agencies and the first 20 minutes would be about the sporting results for the weekend. Not so in my agency. We discuss a bit more like heart and home and, you know, what did you buy on the weekend than if your team won the footy so there is definitely a feminine touch. But the guys that we do have there, their testosterone balances it all out.

**Bec
Brideson**

PS [laughter] I bet you they sneak into the toilet and talk about the football results.

BB Oh no, they talk about it loudly across the office and I kind of like it being there. It's normal. We're not about drawing any gender lines, just about making the sales more effective to women.

PS Okay. So for people who are listening to us now, what are the most important things to hook onto when you're trying to sell to women?

BB Every client and every product will have a different set of its own rules but there's one truth and that is the empathy. The discussion that we had earlier is that, really, to understand how to get under the radar of your consumer, you need to really understand what motivates them — how they think, how they'll respond.

PS So in a sense it's relationship building and I also presume it's very good listening to the people you're trying to sell to?

BB Absolutely. Dove is a worldwide pinup case study and they actually started their campaign by building a website called campaignforrealbeauty.com and they asked women to hop online and to share their feelings about beauty and beauty advertising. They had five million responses and from these they could have a look at what did women really want to see when it came to beauty advertising and they wanted to see real women. It's been an enormously successful campaign for them. It's gone global. They've had in some categories a 700 percent increase in sales.

PS Yeah and it's the best customer feedback you can get of all time, isn't it?

BB Absolutely. The sales say it all and that's why I believe that this emerging market or the focus and an acknowledgement that women are such powerful consumers is a big wave coming.

**Bec
Brideson**

PS Yeah, without a doubt. We've been talking to Bec Brideson. Bec, is there a website if people want to look into the wonderful work of Venus Advertising?

BB There is and it's venusadvertising.com.au

PS What else! Thanks for joining us on *Talking Business*.

BB Thank you.

Jeremy Garling

is the Managing Director of Great Southern Events, the youngest company to win the National Special Events Organizer Award from Meetings & Events Australia.

www.gse.com.au

PS My next guest on *Talking Business* Jeremy Garling who is the Managing Director of Great Southern Events. This company works across numerous industries staging specialist events and award ceremonies, product launches, outdoor and national promotions, consumer shows and brand experiences. Having started GSE from scratch ten years ago at just 20 years of age, Jeremy has built a business that over the last year fared over 80,000 guests and made some 750 performers in over 130 venues. We'll be discussing the challenges of starting a business at a young age and the changes in the multi-billion-dollar live events industry.

Welcome to *Talking Business*, Jeremy.

JG Thank you very much.

PS So your background, how did you end up with a business like this?

JG I started off in a theatrical background and went to the National Institute of Dramatic Art and graduated from there and then thought I would go into events — sold my soul, as they say.

PS Okay, so did you ever intend to be an actor or you always like the production side of it?

JG I always liked the production side so even when I was studying it was always production based but I found events gave me the creativity licence that I wanted.

PS What was the first big event that you did that you can remember?

JG I did Bell Shakespeare's fundraiser, which was a sit down dinner for 600, no problem there. A week before the hotel had sold it to Microsoft during the day, the venue, for a thousand people so we turned over a venue in an hour and a half. I did that when I was 17. Everything seemed easy since then.

**Jeremy
Garling**

PS Yeah, without a doubt, without a doubt. So what is the nature of the business? Like, where do you get most of your bread and butter business from?

JG We call ourselves the Event Producers so we're a step up from a management company. We're primarily focused on how can we strategically and creatively make a difference and value add to your experience, so corporates come to us — they want something more than what they've had in the past.

PS Okay. Give us a classic example of some well-known event that people could actually relate to that you've been involved in?

JG One of the ones that we do is the Verve Cliquot Award, which is an award for successful businesswomen around the world. Now, we took that award from a celebration to more a discussion and to more a strategic delivery that inspires women as opposed to just a lunch and just an award.

PS Give us an example of the discussion you're talking about.

JG So rather than doing an event that said these are the winners and everyone has a clap and goes home and says wasn't that lovely...

PS Or a few dancing girls or something like that. [laughter]

JG Not quite, but almost. What we did is we interviewed in-depth each finalist and we told their story over the lunch or over the dinner and so people walked away understanding a lot more, being a lot more inspired, so that was a way of taking that event to the next level.

PS Yeah, without a doubt. How big is the organisation now?

JG We are very small so we punch highly above our weight. We're a team of five and we just won National Special Event Organiser of the Year from a team of five so it's really remarkable how we can produce so many events.

**Jeremy
Garling**

PS So you're a full-time team of five but at other times you must grow in numbers?

JG All the management is handled in-house. We're really strong on that so we tend to work harder but we'd have 500 suppliers around the country that we use as needed and have very good relationships with us so they look after us quite nicely.

PS Okay. We're talking to Jeremy Garling from Great Southern Events. Now, do you actually do the directing and therefore have the lump in your throat and the pain in the stomach until the whole thing is over because lots of things can go wrong at events?

JG I have to say after 11 years I'm the most stressed and the most tense just before any show. I think that's natural and that energy actually works well in our favour to creating just the right tone. I believe in an event that there's an exact moment when everything must occur. You've got to wait till that moment, you've got to wait for it to talk to you, and go "now" but before that it's always tense.

PS Okay. So your background was at NIDA. Was NIDA big on teaching you about systems because I would have thought systems are critical to getting it right when you're doing live events?

JG I think what NIDA taught me was discipline and how to deal with situations under stress. You work there. When you go to uni there you go there six days, you would do at least 12 hours a day, and that taught me how to make decisions under pressure. When tired and when not at the top of your game, how to still deliver quite well. So it was good discipline and also was an eye-opener in terms of how creative you can go.

PS Okay, that's the creative side to it, but a lot of creative people come undone because they can't run a business so where did you pick up your business skills from?

JG I'd have to say I come from a large legal family so I've almost done law by osmosis around the Christmas table.

**Jeremy
Garling**

PS [laughter] Every argument was actually a legal argument, was it?

JG Yeah, my family seems to save the world every night. And then I got involved in the industry and that taught me a lot about the systems needed to be involved. There's a couple of good organisations and I worked with them closely to understand my business better.

PS So what makes a wining event?

JG I think it's you have to start at the beginning and really understand what is the point of difference that your guests are looking for in this experience. Not just "can I do it" or "is it different to the past?" but what is really going to stick in their mind and what are they looking for that's really different for this event.

PS And so what do you think has been the most different but also biggest gamble for you in terms of an event?

JG I think one of the ones that we did that was challenging was we did a camel race day at the Australian Jockey Club, and that is just a disaster to start with because camels and horses don't get on — don't worry about the Pope. I mean, camels are much harder to get in there. And that was 20,000 people and we did that over three years and that was a challenge but we got our way through it and worked with the AJC pretty nicely, including the Sheikh coming out. I mean, there was a lot of things going on but I tell you, Sydney loved it. They love something different and they love their sports, so it worked quite well.

PS I always find that people who run a lot of events have a lot of things going on where they can't really control everything. How do you actually manage the kind of risks that you aren't really in control of when we're talking about the behaviour of the CEOs, whether guests turn up, whether there's fog in Melbourne and the speaker you expected to turn up isn't going to turn up. How do you manage those sorts of things?

**Jeremy
Garling**

JG Oh, we've had that many times. We had a plane turn back the other day with our lead singer on it so he ended up being a couple of hours late, which was fair enough. You plan for everything you possibly can and you leave nothing up to the day. You go in going I've planned everything I can think of, which frees your mind up to deal with all the other things that occur. But at the end of the day if you deal with them well, that's the challenge. The challenge is not so much did the CEO do this or did the CEO do that but how did you deal with it and how did you manage to keep the event going as opposed to going, "oh well, that was a mistake" and that's stops something. So the challenge is the dealing but you plan in infinite detail before the day.

PS So it's all risk management in a sense, isn't it?

JG Everything. You look at each factor and you go how likely is this to be exposed to risk? Anything from using a new company to we have a new client that we've never worked with before, "or outdoors, and you look at those risks, you ascertain the variable factors in them and then you plan around and then you don't sleep the night before and you work hard.

PS And you worry about whether the batteries in the lapel mike will actually work? [laughter]

JG Oh they're always tricky the lapel mikes, always tricky.

PS Mate, if people want to look into your business, what's the website?

JG www.gse.com.au

PS Mate, thanks for joining us on *Talking Business*.

JG Thanks for your time.

Anne-Marie Spagnolo

is a financial planner and author of *The Ethical Investor* a book that explains how you can put your money where your heart is and still make healthy profits.

PS On *Talking Business* I'm joined by Anne-Marie Spagnolo who is a financial planner and author on the subject of ethical investments. In Australia more and more people are considering the social, environmental and humanitarian values when it comes to their investments. Anne-Marie's a strong believer that it's possible to put your money where your heart is without sacrificing healthy profits. We'll be looking at performance comparisons between mainstream and ethical managed funds to see if this argument holds water, as well as discussing how the concept of corporate responsibility has become big business in itself.

Anne-Marie, welcome to *Talking Business*.

AMS Thank you, Peter.

PS How much easier is it today to be an ethical investor than, say, in the past?

AMS It is getting easier. We're seeing a lot more managed funds that have an ethical screen or a social responsibility screen and that's a really easy way for someone to get started, but also with the internet and more transparencies and dissemination of information, it's a lot easier to find out the information to make those decisions about where you want to invest.

PS Okay. Imagine someone listening to us and saying, "yeah, I like the idea of ethical investment." Where do they get access to knowing all of the funds that are deeply committed to ethical investments?

AMS They can do their own research. A really good starting point is the Ethical Investment Association that has a website. That would be the starting point. Of course, the other starting point would be to read the book because the book gives a really good overview of where the ethical investment industry sits in Australia at the moment and how people can actually start investing.

PS Right. So for those listening, the name of the book is?

Anne-Marie
Spagnolo

AMS *The Ethical Investor.*

PS What else! Now, what are the main approaches to actually screening the investments in these ethical funds?

AMS Well, ethical investment has now become known as more of an umbrella term and it can cover positive or negative screening. So a positive screen is where you make a list of the sorts of things you want to support and a negative screen is where you make a list of things you want to avoid, be it tobacco, gambling, weapons manufacture, etc.

PS Banks. [laughter]

AMS Exactly. And there might be particular sectors you might want to avoid or particular activities or particular styles of management that you want to either support or avoid. Another style is green investing, where you're basically looking for stocks that have a positive impact on the environment. Constructive engagement, where for example the fund manager might be engaging with corporations to create a dialogue and have an effect on how the corporations do business, so, to effect change by working within as opposed to just having a positive or a negative screen.

PS Yeah, and I'm sure some people are thinking to themselves, well it's all very well having a really good heart and investing accordingly, but how have these funds been performing compared to the more hard-nosed money-driven funds?

AMS Well, all these studies that we're seeing to date and in Australia at the moment show that ethical investments are actually performing better than the mainstream investments and certainly the clients that I've been working with for the last eight years are very happy with their returns. We have no concern that investing ethically is going to affect your performance and it stands to reason that if you're looking for companies that are actually looking after their employees, reducing their environmental impacts, treating customers fairly, all of these things are going to translate into better returns for the company.

Anne-Marie Spagnolo

PS It kind of makes sense, Anne-Marie. We're talking to Anne-Marie Spagnolo who's written a book called *The Ethical Investor*. In terms of the best performing fund that you know of in this space, what kind of returns have they been doing?

AMS Well, in the last year we've been seeing returns of about 25 percent. Over five-year to 10-year averages, we're seeing returns of around about 13 percent so that favours pretty well in comparison to mainstream investments.

PS Without a doubt. A 13 percent return on a five-year base is a very good return. What are big businesses doing in relation to accepting the idea that they need to be more ethical? Are you finding some corporations thinking we are actually not succeeding on the stock market as well as we'd like because we are perceived as being unethical?

AMS Eventually that's going to be determined by the number of people that choose to invest this way. Companies, however, are starting to show leadership in that area and they're acknowledging that ethical investing is a growing movement and if they want to not risk losing market share or losing investors then they need to pre-empt these sorts of issues that more and more investors are going to be speaking about.

PS I guess one of the big problems when it comes to selecting an ethical fund or even just selecting a company that you think is ethical is to actually get the actual analysis to actually prove to you that they were actually an ethical company. Do you address those sorts of issues in the book?

AMS The book sort of gives people a series of questions that they should be asking of corporations that they want to invest in, but it is a matter of doing a bit of research and people who have that level of interest can do that research themselves. There are research providers out there that you can subscribe to or there are financial planners that specialise in this style of investing who would have already done the research, so it's like anything. I mean, I compare

Anne-Marie Spagnolo

it to when I go and see a naturopath, I could actually go home, do lots of reading, watch lots of TV programs, do a lot of study and come up with an idea of maybe what sort of herbal medicine I should be using for a particular ailment. It's the same in this regard. You can spend a lot of time doing your own research or you could find professionals that are already doing the research for you.

PS The name of the book is *The Ethical Investor* and it's by Penguin and we thank you for joining us on *Talking Business*.

AMS Thanks very much.

Nerada Stern

is an eBusiness coach with a particular strength in training eBay sellers and in online customer service.

www.indemand.com.au

PS On *Talking Business* we're now with leading eBusiness coach, Nerada Stern. Nerada is an expert in the global web phenomenon that is eBay where she's one of a select group of certified eBay instructors worldwide. Through her company, In Demand, she has trained more than 1,300 business and individuals on how to sell on eBay as well as how to integrate eBay into their eBusinesses. With more and more people entering the world of eBusiness every day through sites like eBay, the need to understand the keys to selling online to remain competitive are more apparent. Nerada will be providing us with the fundamentals anyone hoping to run a successful eBusiness needs to know.

Welcome to *Talking Business*, Nerada.

NS Thanks, Peter. It's lovely to join you.

PS Why don't you tell us about how massive this eBay phenomenon has actually become?

NS It started 12 years ago in 1996 and has now reached over 233 million registered members of which, for example, in the December quarter they found that there were at least 83 million active members — that's people that have been active either buying or selling in the past 12 months. Already there are over 1.3 million people worldwide who are earning either their primary or secondary income from eBay and, in fact, there's a whole range of businesses that have actually developed around facilitating eBay sales. For example, logistics companies, packaging companies, valuers. There's a plethora of industries that are a bit like the Levi Strauss model, which happened with the gold rush back in California, where he worked out that providing the denim or providing the pants for the people who were doing the mining would be a great way to make their fortunes.

PS Okay. So do you still think there is a group of people who haven't sort of tried eBay and therefore don't know how extensive the opportunities are for them?

NS Yes, and I find on a month-by-month basis people are getting more desperate to find out what it is — what's

**Nerada
Stern**

the big secret that everybody else knows about. So, for example, according to the Hit-Wise statistics there were 4.77 million unique visitors to eBay Australia — and I'm just talking eBay Australia — in the month of March and that was up from December. Of those people looking at eBay many are buying, and as so many people get used to buying and looking at eBay, those that are not looking are definitely missing out.

PS Yeah. Look, I'm a classic case. I'm just so busy and I usually just get my son to do it. "You know, I want to sell this — you do it, Al." But the thing is this, I guess some people just don't know the length and the breadth of the whole eBay market experience. I was saying to you before we got on, I've got a whole bunch of beautiful wide floorboards which are worth about \$11,000. Would something like that be sellable on eBay?

NS Absolutely. The business and industrial category is one of the fastest growing areas of eBay worldwide and so many businesses and tradies and others realise that they could be getting their supplies online. So purchasing officers from very large companies are clueing in and realising that they should be looking online for whatever it is that they need, whether it's the office tables, boardroom tables, right down to whiteboards, fluorescent lighting. And so I work with many manufacturers, wholesalers, right through the whole industrial category, so certainly there's room for individuals like yourself who would like to sell. What a lot of individuals do who aren't really interested in learning all the ropes of selling on eBay is they'll employ a trading assistant, which is another example of a peripheral industry that's opened up. With this really dynamic marketplace what it means is that it's very very easy to source whatever it is that you need at a competitive price, although pricing is not the only reason people will choose to buy online, but certainly the online world has really taken off as being the place to look first and the place to do research.

PS Well, you've got me interested now, talking about a trading assistant. So you're basically saying that someone who thinks, well, I've got a great product but I don't really

**Nerada
Stern**

have time, I don't really want to become an expert on eBay, you can outsource the business and they take a percentage of the final price, I guess.

NS Absolutely. And for many retailers it would give a way of probably getting a better dollar value than if they were to take the same goods to [stock liquidators] or other people that are only going to pay a few cents in the dollar for the merchandise, whether we're talking about overstock, old seasonal items...

PS Inventories are hard to move.

NS That's right. For one reason or another, inventories just haven't been the right thing at the right time.

PS But I guess, and I've got to play devil's advocate here, you'd have to keep hope that you're trading in a system that is honest because in a sense they could sell it for \$5,000 when in reality they know it could be sold for \$12,000. That's a risk management issue, I guess.

NS It is a risk management issue and one of the values of trading online and particularly a space like eBay is that it's a highly transparent process, so anyone can have a look at what anyone else is doing. You can see the dollar values. You can see exactly how much a trading assistant has been trading on a particular ID for anything up to three months. So it's the transparency of the process that I particularly like. One thing that I should stress is that I'm an independent consultant but I just made it my business to know as much as I could about eBay because I could see — where other people were seeing a trash and treasure land where they could only perceive it as being the alternative to the garage sale or the alternative to the trading post, I saw it as a technology, an incredible platform in which it was really a blank canvas for your own imagination about how to use it, which is why I've helped so many businesses to find their way to promote their products online. For some it's a branding exercise, for others it's a fantastic and really cheap tool for customer acquisition, meaning they buy one item

Nerada Stern

on eBay, they learn about the company and then knowing that company and trusting that company, they can then buy directly from that company.

PS We're talking to Nerada Stern who is an eBusiness coach specialising in eBay. So when did the penny drop that this eBay was going to be a great opportunity for your business aspirations?

NS In 2005 I was very interested in the online marketing world and I was working in marketing research and I could just see the growth of online advertising was really about to kick off. In 2005 broadband penetration in Australia was just reaching about that 40 percent mark which meant that more and more people were getting comfortable with releasing their banking details online. And once they started doing banking online, they were going to start shopping online. At that period eBay was growing 90 percent year on year so it was quite a natural step for me to say, well, the opportunities are going to be in this space called eBay.

PS So walk us through what you might do with a typical client who'd bring you in to be the coach.

NS Okay. Let's take for example a sofa bed shop in Sydney. Now ordinarily the shop being on a main road closes at 5pm at night. That means that from 5pm at night till 9am the next morning the stock is doing nothing. In fact it's costing money to keep the stock sitting there. So while they're sleeping and not making money, other suppliers of bedding are meeting the needs of customers who've come home from a hard day at the office or whatever else who require a sofa bed and they go online and look for a sofa bed. So my client comes along and says "I know there's something in there for me. I know that here I've got all this stock. I want to reach more people. I've got great freight people that will ship out to Hong Kong or other countries let alone just in Australia. Put me on eBay." So we sit down and we work out together do they want a trading assistant who's going to take their products but not actually give them any branding so the trading assistant will be using their own branding,

**Nerada
Stern**

or do they want to keep the shop's branding and therefore develop a national brand, not just a localised brand but a national brand or even an international brand. With that they set up an advertisement on eBay instead of being really anonymous and calling themselves H1543 they call themselves The Sofa Bed Shop, say, of Sydney and they put their details there — their email details, not necessarily to conduct the item outside of eBay but in order to show, and to humanise and to meet the expectations of the client. That tends to generate a lot of very strong sales. Then they turn around and say I can't believe that so many people are contacting me or so many people are interested and why are they buying on eBay when it would be cheaper for them to come to my shop or whatever else and it goes back to that question about...

PS And what's the answer?

NS Well, there are literally four reasons why people choose to go to eBay first. One of course is going to be price, but that is only one quarter of the segment. Another quarter of the segment, the convenience shoppers, the people that are sitting online, the people that are stuck at home, the people that choose not to spend their precious time fighting traffic, looking for parking spaces. And there are the people that are interested in looking for something a bit different. They might be looking for an Australian-made product, so there are a bunch of separate reasons why people choose to go online.

PS Fascinating. Now we are out of time but if people want to learn about what you're offering, what's your website?

NS www.indemand.com.au

PS Fantastic, Nerada. Thanks for joining us on *Talking Business*.

NS Thank you.

Anoosh Manzoori

is the Managing Director of SmartyHost, one of Australia's largest web-hosting companies. The company is currently expanding its new Vigabyte division, a virtual server and data provider that can deliver companies more grunt to their computing power.

www.smartyhost.com.au

PS On *Talking Business* I'm joined by the Managing Director of SmartyHost, Anoosh Manzoori. Established in 1999, SmartyHost has provided web services such as web hosting and domain name services to a wide range of individuals and businesses — over 25,000 customers in total. The company has made headlines for its push to expand its new Vigabyte division, which provides technology that is said to deliver a solution for the many companies grappling with limited storage and network capacity issues. SmartyHost was recently backed with a significant injection of funds by one of Australia's wealthiest families.

Anoosh, welcome to *Talking Business*.

AM Thank you, Peter.

PS For normal people who don't understand the world of computers and whatever — SmartyHost, what does it exactly do?

AM SmartyHost, I guess, internally we look at it from a software point of view, so, look at your traditional model of hosting websites or eCommerce sites, with disaster recovery you have to go out and buy yourself expensive equipment. You need real estate to hold that equipment. You've got power and heat issues, which is a very big topical issue at the moment and, of course, you need to hire skilled labour to manage that equipment as well. So what we've done is we've built a technology that sits on top of very high-end sophisticated equipment and we deliver this service through a web console. So, as a way of example, let's say that you wanted 50 servers to manage your online business. Rather than you having to go out and actually capitalise that and actually buy the equipment, you can go to a web-based console and you can say "I want 50 servers, I want this amount of ram, this amount of storage" click Submit and hey presto, your servers are created in real time. You've got a capacity issue or someone seems to want to listen to your radio show and you want to increase the capacity of your servers, again you go back online, increase your ram or increase your storage, click Submit and those

**Anoosh
Manzoori**

servers are actually created for you on the fly. So it's a utility computing type model that we've actually developed, this new offering called Vigabyte.

PS Okay. So once again for normal people who have businesses, what kinds of customers do you have? Who are your traditional customers from big to small?

AM It varies quite dramatically.

PS Well, start with the small and go to the big.

AM Small one could be a home-based business, starting a business from the kitchen table or it could be a hobby website. We've got a client who has a portal for a few hundred people around the world who have beards and it's called beards.id.au right through to corporates that have terabytes and terabytes of storage and they want a disaster recovery site. So anything that requires hosting of information or processing of applications, whether it's eCommerce or CRM systems — this is where SmartyHost come and actually provide the facility for these business to host their data.

PS Okay. So what you're basically saying is as you make yourself more e-savvy as a business, in terms of your online offerings you have a requirement for capacity?

AM That's right.

PS And if you don't want to have to pay for it and bring it in-house yourself you can actually go and get it from you?

AM Yeah, you can basically, rather than actually buy the equipment and capitalise it you can actually just expense it with a fixed monthly fee and have everything managed for you, have everything fit in terms of the compliance aspect of your hardware, and just basically concentrate on your business and have that aspect outsourced externally.

PS Okay. Well, in a sense I'm lucky in my business because I actually have a dedicated IT person who actually understands this but for people who don't, how do you

**Anoosh
Manzoori**

know what you need in terms of capacity? Does your web designer tell you this or is it something you find out when it crashes all the time?

AM It's a very good question and very often when you buy hardware, for example, you need to buy some extra headroom because you don't know what's going to happen in the future and then headroom often costs you money and you may not ever need to use it, you may only use it once a year.

PS So it could be ridiculous capacity?

AM Absolutely. So with our model you basically pay for what you need. You can start small and the uniqueness of the technology allows you to then scale as big as you require it. You may have some peaks and troughs in your business and, again, the utility computing model with Vgabyte allows you to scale your hardware up and down. We've effectively taken hardware and delivering it as a service, so it's hardware as a service type model.

PS We're talking to Anoosh Manzoori from SmartyHost. I guess as we've become more creative on our website as well and we start having little videos and things like that then we start having capacity issues that we never ever dreamt that we would ever have.

AM Absolutely, and what we see is it comes from all sorts of industries. You know, we see a dentist for example who has got a unique technique for crowning and he's developed online movies of his technique and his needs are capacity issues. Photographers. Commerce sites. So there's no real particular vertical that is out-doing the other, it's really across the board in every single industry and also from small businesses right through to large businesses. You don't need to be a big company in order to require large service storage devices. You can be a small business and have a big online presence, that's quite typical now.

PS I guess this is a reasonable question. People listening to us would be saying, but how expensive is it? Is it the kind of thing that's going to be prohibitive for a small business?

**Anoosh
Manzoori**

AM It can be and it depends on your supplier. When I first started in this business back in 1999, the industry was very much a labour-intensive type industry. You know, the players in the market were in the property business, they build large data centres, they build large call centres. Everything was manually driven. If you wanted something done, you'd have to get on to the phone and call the call centre. We came in from a software perspective. We looked at the industry as a whole and we modularised everything and we automated it through our software. So the by-product of all that was that not only did we reduce the cost but we also created a better user experience with the technology and made it very simple for the common man. So it's not expensive, you know, you can have your own server for less than 50 bucks a month. You can have your own domain name for your business for less than 40 bucks a month. It doesn't have to be expensive. What SmartyHost has done is taken a technology, made it very simple and made it very affordable whether you're a small business or you're a large corporate.

PS I guess there's another area that you've eluded to in some of your answers, that anyone in business needs to be aware of the fact they should be storing important information off site, so I guess this is something as well that you're offering businesses.

AM Absolutely, particularly in the area of disaster recovery. Very often in business we have a production side where we run our business, whether it's your PCs or your server. The question you need to ask yourself is what happens if that actually goes down? What's the impact on my business? The facilities that we have available, particularly for the corporate market, is that we can create the same environment as a disaster recovery site so that if the production side does go down, you can flick the switch and off you go.

PS And also you've got to worry about fires and floods and all that sort of stuff if you're backing up and you're looking after your key records in some other place, it's just an

**Anoosh
Manzoori**

important part of business risk management, isn't it?

AM Absolutely, and we house everything in the Optus Data Centre, so it's a carrier grade facility, and we're sharing the floor with some very large ASX listed companies and also government organisations as well so our customers have that sort of level of comfort to know that their data is securely managed.

PS Excellent. So what's the website if people want to look into more about SmartyHost?

AM Well, it's simply smartyhost.com.au

PS Mate, thanks for joining is on *Talking Business*.

AM Pleasure.

Dr Garry Tester

is the founder of Sports Challenge a not-for-profit organization established in Perth over a decade ago. The company has since expanded its program to Singapore and the rest of Australia and Garry has been presented with the Queens Trust award for his work.

www.sportschallenge.com.au

PS My next guest on *Talking Business* is Dr Garry Tester who is the founder of not-for-profit organisation called Sports Challenge. Sports Challenge is a world first experiential mentoring program using the medium of basketball and other sports to encourage children and adolescents to use more of their full potential in all areas of their lives. The program was conceived by Garry in 1990 and involves the participation of both selected and whole school populations as well as community groups and detention centres. Recognised as a benchmark program, Sports Challenge has been able to empower young people with realistic healthy life skills and deliver positive self-esteem changes both in Australian and international communities and he's also taken it to the corporate scene as well.

Thanks for joining us on *Talking Business*, Garry.

GT Thanks, Peter.

PS Now, why don't you tell us your background before we start going into this unusual business of yours?

GT It is. It's a fairly long journey. I was very lucky. I studied at the University of Western Australia and I was studying for my PhD. At the time I had a very interesting PhD supervisor, a fellow called Dr Glenn Watkins who actually did the merger of Telecom and OTC to become Telstra, and he was a very interesting fellow. He was a futurist really, and he really believed the most important ingredient you can have is investing in your people. At that time I was teaching physical education and I thought I'd like to try a PhD which was involving taking the key stakeholders, changing their health outcomes, and seeing whether you can bring about positive change both mentally and physically.

PS Fantastic idea.

GT That was a great journey except he kept me hanging around for a long period of time while his contract was on and I went along with him to many of the communities where he worked with the new Telstra organisation and I

**Dr Garry
Tester**

found that believing in people and up-skilling them was a really positive thing. If you could actually develop their self-esteem and their self-concept, they would feel very good about it, so we decided I'd like to have a go at that with kids because we had a high youth suicide rate in Australia in the early 80s and I thought I'd like to be on the preventative side and putting all those pieces together, well, I was very lucky. I had a coach at the time. I ran track and field and went away with some Australian track and field teams. A guy called Bruce Larson who was External Affairs Manager with Rio Tinto and he was also very a good mentor to me and he would always say that if you have a passion for the sport that you do, he said, that drives you on. Winning and losing is not that important, he said. Obviously we all like to win every time we step out but that's not what happens in life.

PS I think golfers have learnt that too. [laughter]

GT [laughter] Yes, I think so. And putting that together with what Glenn Watkins was doing with Telstra, I thought, yeah I think I'd like to do something as a start-up with that so I threw everything in at that time.

PS Because you were a sort of headmaster of a school?

GT Correct. At the same time I had to have some income of some sort and it was in Western Australia. I was principal of a school and I could see we weren't getting through to a lot of the kids that we needed to get through to. We have a lot of programs in schools around Australia where psychologists come in and work with kids, but it's really not the heart of the problem. I think from that point on I decided in life you've got to maybe put your hand up and have a go at that sort of thing, so I applied for a grant with what we call Health Plan Western Australia, which is the tax on cigarette smoking. We had a three-year grant to see whether we could actually put a program, and a mentoring life skills program as you suggested in the opening, and put people into their lives that really care about them. I think that was the start of the greatest journey I've ever had.

**Dr Garry
Tester**

PS Yeah, you didn't have to have a lunch with Bourkey to get this thing off the ground, did you? [laughter]

GT [laughter] No, I didn't actually.

PS You're the only WA person who hasn't has a lunch with Bourkey!

GT Exactly, exactly.

PS Alright. Now why don't you explain, before we talk about how you then took your business into the corporate world, how the whole thing would actually work at a school level to actually achieve the results you're looking for?

GT Yeah, it was really a word-of-mouth program with a grant. It has a bit of a research background to it so we basically chose a handful of schools in Perth, mainly primary schools — we thought upper primary school was the place to really change kids' behaviours. And what we do is we run a questionnaire over all the children's skills. We measure their self-esteem, their self-concept. Spoke to parents, spoke to teachers to select the students for the program — small groups of about ten students maximum and one mentor. Now the mentors come from various sporting backgrounds, because I had a fantastic involvement in sport and I think they have a lot of ups and downs in life as we said before. You've got to learn to get back up if you fall over and good sportsmen and women have good coaches so we thought our mentors should have that role. So we intensely train them in exponential learning, which is simply hands-on learning, but all of it had a theory behind it, so we were aiming to have an outcome that was really positive in building their own self-esteem, their own self-concept. The activities themselves run over ten weeks. Two sessions of one and a half hours per week. We run workshops for mum and dad and workshops for parents as well so everyone buys in — it's got to be complete ownership. We found after the first lot of programs over a three-year period we ran that we were getting a range of five to 33 percent improvement in overall self-esteem as an objective measure. That really

**Dr Garry
Tester**

didn't worry me too much. I was really concerned to see how these kids really got back into life. They were fantastic! Truancy rates decreased. They were actually enjoying coming to school because someone cared about them. Teachers' mandates for academic outcomes, I think that's only one part of it and as we all know in life, it's about how well you can get on with people, engage people and have an aspiration for a positive future.

PS Yeah, fantastic. We're talking to Garry Tester. And Garry, your program, how many schools is it into now?

GT Well, we've been into over 220 schools right round Australia and into the remote communities of the far north as well.

PS Fantastic, fantastic. Now, how did you go from schools to the Corporate Challenge? Because there's another part of your business called Corporate Challenge?

GT Yeah, Australian Corporate Challenge is our corporate management arm. I think that everyone that may listen to this program, whoever has worked in the not-for-profit sector will understand you're always going with cap in hand.

PS The good old governments.

GT It is and look, they've been fantastic, but many of the grants are only one or two years' long, three at a maximum, and we have 45 mentors that work with us on a casual/part-time, and four full-time staff and about five volunteers, and to get money we thought this is such an important thing, I thought I had to try and generate some more. I'd worked with Glenn Watkins as I said earlier, on in the management training and I thought I'd like to ramp that up. It was quite funny. I was sitting next to a fellow called Chris Eggleton, the head of the ANZAC SPO, which is the defence material organisation, looking after the ANZAC class ships, on a flight to Melbourne to ask Jeff Kennett for some money in the early days to get a program going in Carlton.

**Dr Garry
Tester**

PS So you weren't listening to me, you were talking to somebody on the plane. That's very bad, mate. [laughter]

GT [laughter] I was indeed. And it was a fantastic relationship because he said what we had just spoken about there is exactly what's happening in my organisation. We've got people who come here, they work very well in what they do but they don't interact with each other. Do you think you can put a program together that could actually engage my people to have that passion about the work that they do?

PS And I guess they have self-esteem issues as well, don't they?

GT Absolutely. Any rationalisation, at any time people worry about their jobs and feeling good about that work-life balance, all of those sorts of things.

PS And there's bullies in the workplace and all that sort of stuff.

GT Absolutely. And the gender equity issues came across, this is a very defensive place for an organisation which has TENEX and SAB involved with them, and the Navy, so we got programs underway with them. That was three years ago and the rest is history. We've been able to move on and really do very well with those organisations and give us some cash flow.

PS How big is your business now, in terms of employees or something like that?

GT Well we're now up to about 45 mentors that deliver programs both in the corporate and in the school system and it cross-pollinates so they give something back to the corporate area and also build their own resilience as well and that really shows now in our programs in the schools. They're actually delivering far better than they ever had done before and we're starting to get some really good results around the country.

PS And it's good for retired sportsmen and sportswomen who often want something to do when they finish.

**Dr Garry
Tester**

GT Absolutely, and I think that's what's really nice about it. We have in Perth one of our very first mentors a fellow called Mike Ellis who was captain of the Wild Cats and coached the Wild Cats. He's still with us and all our mentors are linked by email to a thing called E-Pals on a link on our website. He still gets emails from 1998, which is a fantastic link that he's built.

PS Fantastic. Now mate, we could talk all day but unfortunately I've only got ten minutes. What's your website if people want to go and see what you're up to?

GT Okay. The website is www.sportschallenge.com.au and that will take links through to Australian Corporate Challenge as well.

PS Fantastic. Thanks for joining us on *Talking Business*.

GT Thanks, Peter.

John Roca

is the Chief Executive of Lexus Australia and began his automotive career at age 18. He has been one of the main driving forces in the development of the Lexus brand in Australia.

www.lexus.com.au

PS My next guest on *Talking Business* is the Chief Executive of Lexus Australia, John Roca. John began his automotive career at the age of 18 and has since gone on to become one of the main driving forces in the development of the Lexus brand in Australia. Established in the early 1980s and launched in 1989, the Lexus mark has promptly established itself as one of the world's most respected names. Lexus has distinguished itself as a brand associated with quality, luxury and style. We'll be discussing with John the various issues revolving around building and maintaining a brand in a fast-paced industry.

John, welcome to *Talking Business*.

JR Thank you very much. It's a pleasure to be here.

PS Now mate, I've sort of touched on your background but how did you find yourself getting to the position of chief executive of a great company like this?

JR Well, I guess having experience on both sides of the fence. Many of my years have been walking the concrete, I guess if you like, in the early days and I think the advantage of being on both sides of the fence has helped me immensely.

PS So in a sense you had a background in repairing cars and stuff like that and selling cars?

JR Not so much repairing. I was brought into the business as a trainee sales person back in 1983 and sort of progressed my way through retail and got to a point in retail where I felt I sort of achieved as much as I could at that stage and an opportunity came up to have a look at the Lexus business at the point where it wasn't doing as well as it should have, so it was a good opportunity for me. The brief was pretty simple, you know, we either fix this or it goes away, frankly.

PS Okay. Well I guess there'd be people on the plane saying to themselves, what do you do? What's the starting point if you feel that the brand has a lot more potential than it's showing? What did you do at that point in time?

**John
Roca**

JR Having experienced Lexus at a retail level and then leaving and going to another brand for years, coming back to Lexus the first thing I found was that we weren't delivering the promise and I think "the pursuit of perfection" was something we were using as a tag line but we weren't delivering on the promise. So I thought, why aren't we doing that? The only way we can do that is at a retail level so I went out to the dealers and basically said, well, why aren't we doing this?

PS So did you presume that the product was great, because I guess even car magazines objectively assessed you that way, but you weren't happy with the sale performance that was linked to the brand, do you think?

JR Yeah, and I don't think it was a fault of the dealer network either. I think as a brand, maybe internally we thought... I mean, we are Toyota Corporation and we are a division of Toyota Motor Corporation. I think we sort of lost sight of the fact that Lexus was a prestige brand. There was really nobody in charge of the brand from a factory point of view that was driving or leading the dealers in the right direction. So I take full responsibility that Lexus Australia at the time perhaps wasn't providing the right support, I guess, to deliver the promise.

PS Was it a sense of complacency because the product was good and you thought the product sells itself?

JR Product's always been good. Like any business, product isn't everything. You really you need to consider the customer's view, which is probably where I guess my stronger influences are. The end user is really what dominates or predicts whether you're going to have any success and the way you treat that person is really what's going to give you the results so yes, to answer your questions, we had a great product but we weren't looking after our customers as well as we said we were going to.

PS Okay. We're talking to John Roca, the Chief Executive of Lexus Australia. So John, in building up your brand, what

**John
Roca**

were the critical things that you remember you did that really had great results?

JR Having experience in retail I basically looked at the retail model and I thought to myself, where are the shortfalls? So look, it was a very simple process in the beginning. We shadow-shopped, which is a common term in the car business. It's like a mystery shopper exercise just to see from a customer's point of view what is it that we're doing wrong, and that was very enlightening. We were doing a lot of things wrong so there were a lot of things to fix, therefore it was quite easy. Look, examples that I can give you was that some of our dealer network were saying the reason why we're not selling enough cars is because you guys aren't producing enough advertising on television or radio or whatever it might be. And my simple question was, well, how many people are actually walking into your dealership? They were saying not enough and I said exactly how many? They couldn't answer the question.

PS They weren't measuring.

JR Exactly.

PS It's funny. I went into a dealership, and it wasn't a Lexus one, recently where I my wife actually pointed at a certain car and the guy said, "you know, that's \$330,000?" I thought, is this person sort of assessing me on the fact I was wearing jeans and riding boots?

JR Yeah, always a good place to start, price, yeah.

PS Yeah, we walked out. We walked out.

JR I don't blame you.

PS So in terms of the things that really turn around a brand, if people were listening and saying what can John tell me, what are the starting points?

JR Discipline is where I'd start. The fact that we had a dealer network that knew what they were doing. I mean, they'd been in the business for years, they had invested

**John
Roca**

millions of dollars of capital in a business that they thought was very successful, but frankly I thought we weren't competing. In 2001 when I started we were selling 2,000 Lexus a year and we've grown 211 percent over the last five years. It was through discipline and very simple processes that they all knew yet somebody had to be the custodian of who was going to direct and basically manage the discipline, I guess. They all knew how to do it.

PS Was it better sales techniques at the coalface that actually help people think this car's even a lot better than I thought it was?

JR Yes and no. I think we had to look at our marketing as well in terms of how we were portraying the product. Lexus was perceived as a very reliable, efficient, well built brand or vehicle if you like, but there wasn't a lot of emotion there so we've sort of changed the brand in terms of the advertising that drove more traffic through the dealerships. Raised the level of enquiry and awareness of the brand and then what I wanted to make sure of was that if somebody did walk into a dealership, they were treated the way they should be treated. Our motto is "treat a customer as you would a guest in your own home." I didn't feel that that was happening and that was my focus. We had to change that.

PS When people sell prestige products, do they sometimes assume that all customers are going to be stuffy and want to be treated in stuffy kind of way?

JR I'd go the other way. I think customers... Look, you wouldn't make too much of a comparison between a luxury buyer and a Corolla buyer, if you like, but I think our network of dealers are used to dealing with that type of customer and, frankly, I find them a lot easier. They know what they want, they're pre-qualified, they're well educated, they do their homework on the net rather than taking the road to the sale, which is your traditional way to sell a car. We've gone the other way. We've said, well forget the road to the sale, what's the road to the purchase, what does a customer want out of this experience, and focus on that. So rather than

**John
Roca**

showing you 15 points of the vehicle and you're interested in three of them, we're simply asking the question — what do you want to see in the car and we'll show you?

PS Yeah, that's right. I always feel a bit inadequate because I'm not a rev-head as such but I really want a nice car when I buy a car and I really just want to make sure that those nice things are there for me. Like plenty of leg room for a big bloke like myself or something like that.

JR Yeah, exactly, and a good salesperson would know that as well. That a sunroof car may not suit you because of the headroom in a sunroof car versus a non-sunroof car, which you've probably experienced.

PS Well, when you're losing hair, mate, you don't need a sunroof unless they come with a nice Lexus cap. [laughter]

JR [laughter] Well, we can organise that.

PS What about your advertising? Have you been a part of the decision process to change the advertising, which kind of looks modern, new age and funky nowadays, doesn't it?

JR Yeah, in recent times I have, more so than the past. I was concentrating more so on operations and sales in my first four years. The last couple of years what we've tried to do is maybe simplify the message from a Lexus point of view rather than trying to educate the buyer that Lexus is a well-built vehicle. I think customers get that now with a Lexus. I think they know that the product is good so we're going more contemporary, a simple message I think.

PS Mate, I'm sure you've got a great website. What is that website?

JR It's www.lexus.com.au

PS Mate, thanks for joining us on Talking Business.

JR Thanks very much, Peter. It's been a pleasure.

Dr David McMahon

is a Psychologist who has developed a new therapy called "Cognitive Future Therapy" designed to assist people in business reach their full potential.

www.cognitivefuture.com

PS My next guest on *Talking Business* is psychologist Dr David McMahon. Over the past five years David has developed a new therapy called Cognitive Future Therapy, adding new tenancy to already well-established forms of behavioural therapy. The program has been designed to address common business challenges such as staff conflict, organisational culture and learning from failure. David believes this new form of therapy can help people in business deal with real-life problems and reach their full potential.

Welcome to *Talking Business*, David.

DM Thank you. It's good to be here.

PS Mate, I guess we don't actually think of people working in businesses having these problems because you just think of them as employees or staff members or someone who's actually looking after you when you're doing a service with a business, but the reality is there are real people behind these occupations, aren't there?

DM Absolutely. One of the major problems that I found when I first started counselling people was that the majority of times we focused on the things that we don't want. In other words, I would say to someone, "what would you like to talk about?" and they'd tell me all the things in the past that had happened to them that they didn't want, but the problem with that is they couldn't change those things. So what I did and what the therapy does is actually put in place something that's positive. You see, the majority of people are happy because they don't have many negative things in their life, for example. They're not happy when they do have a lot of negative things or things they don't want. What I do is rather than live on the negative side of the ledger, I put them on the positive and say, what's one thing that would make you happy if I could give it to you? The majority of people don't know that.

PS But wouldn't some of them say to you — I presume this has happened — I'd like not to be preoccupied with the things in my life that went wrong, which I just can't get over and it holds me back?

**Dr David
McMahon**

DM Absolutely, and we deal with those things in that sort of way too, but I looked at some people and said what are the things that would really make you happy that would overshadow those bad things in your life? In other words, let's focus on the things that I can change in the future rather than the things that I can't change in the past.

PS But do they say to you, "but doctor, the problem I have is because I'm preoccupied with the shocking experience I had as a child on the way up, I can't relate to women and as a consequence I don't have a relationship and I'm really unhappy?"

DM Absolutely, sometimes that's true. If that's their main focus, what you said — I can't relate to women or I can't relate to someone in the office — let's work out what that particular problem is. You see, in a lot of cases we try to treat the fruit of the tree rather than the trunk. If you get rid of the trunk of the tree, you don't have fruit, so what we do, what the therapy does, is look at the actual cause and what's stopping that happening. Rather than just saying "this is what I'm unhappy about" or "this is what I don't want in my life," what's stopping you from having things that you really want.

PS So are you saying then that if someone can identify a major problem that they're preoccupied about it, then creates something like maybe insecurity and therefore they haven't got the courage to go and talk to a member of the opposite sex and therefore form a relationship and therefore they're lonely. If they can get that confidence to go and say, maybe studying *Dating for Dummies* — apparently there is a television program called that, which I think sounds fantastic — that's a more positive sort of therapy. Is that the sort of thing you're talking about?

DM [laughter] Yes, that's the way I work. Rather than trying to get them to live with the negative, whether that's in dating or whether that's something that's happened to them as a child, rather than get them to try and live with that without anything else, what we do in the therapy is, yes, we get them to live with that in a way that's a positive way because they've got things in their life that they're getting up of a morning and saying, yes, this is another day.

**Dr David
McMahon**

PS Now fantastically, you do actually work for smart businesses that actually get you to talk to their staff who might be having problems.

DM That's right. Yep, for sure.

PS And it is a really enterprising development in big business life, isn't it?

DM You see, a lot of the employees don't really need a clinical psychologist or a psychologist at all but what they're not doing is getting the most out of what they've got within them. So what I do is go into the business and give them positives to... You see, when I was talking about focusing on the past and the negative side of life most people are, if you went into the street and said to someone "I've got something in my hand that I could give you. All you have to do is ask for it to make you happy. What is it?" most people wouldn't be able to tell you that. So in business, for example in sales, if those sales people have something in their life that will generate income for them in a way that they're going to be happy about it rather than, "boy, if I don't earn income I'm going to not be able to pay the bills" or whatever, do you see the difference?

PS Yes, without a doubt. If people wanted to learn about this Cognitive Future Therapy, how do they access this? Do you have a website or have you written a book?

DM A book will be finished by the end of the year. Actually I'm writing a couple of books at the moment but there's a website that is cognitivefuture.com and also there's another website that I have, envitaliseinternational.com as well.

PS Fantastic, mate. It's been a wonderful experience talking to you and I think businesses that are wise enough to employ someone like you are the sort of businesses that people should be working for.

DM Oh well, I hope so. More and more people are sort of, rather than the company actually telling someone what they want, the individual now is saying, yes, this is why I'm going

**Dr David
McMahon**

to succeed in my job in the work that I do because this is what I want personally.

PS A much better attitude, isn't it?

DM Absolutely.

PS David McMahon, thanks for joining us on *Talking Business*.

DM It's really a pleasure. Thanks very much.

Belinda Rowe

is the Chair of the Advertising Federation of Australia, the peak body representing companies in advertising and marketing communications to industry, government, media and the public.

www.afa.org.au

PS On *Talking Business* I'm now joined by Belinda Rowe who is the Chair of the Advertising Federation of Australia. The AFA is the peak body representing companies in advertising and marketing communications to industry, government, media and the public. Over the past ten years advertising agencies have changed dramatically with the need to find a balance between getting results for clients and reflecting community values. The AFA has played an important role in providing education aimed at increasing professional standards and helping agencies develop skills to meet the changing needs of the marketplace.

Thanks for joining us on *Talking Business*, Belinda.

BR Yeah, it's good to be here.

PS Tell us about your background in this wonderful industry called advertising?

BR Well it's pretty diverse. I came into the business working in a creative agency. In fact, that was Leo Burnett. That was the first one and that was through, in fact, the AFA industry training program — they do a post graduate program — so I started there but then I ended up going to George Patterson, switching into media because I loved the time that I'd spent in media, and so did that for a while and then moved across to Mojo.

PS Great names you were with, weren't you?

BR That's right.

PS Fantastic.

BR Yeah, and then more recently running a media agency but also on the board of the Publicis Mojo Group in Australia.

PS Okay. Well surely there'd be people on the plane who don't really understand the little systems fiefdoms within advertising so a media agency, what do you do with a media agency?

BR Essentially we develop strategies for clients about how they should go to market to promote their products

**Belinda
Rowe**

and services essentially, and then once we work out that program then we'll implement it. But apart from obviously being a media agency is the media clout that you bring. So there is a substantial amount of work that goes into having discussions with media owners and negotiating particular placements, rates and lots of added value. The world's changing now so with the change in the media owners and their expansion into online companies and magazines, etcetera, we're doing a lot more cross-platform deals.

PS Okay, and that's exactly right. It is really a changing industry. Once upon a time I guess you were all scared of Kerry Packer but there are new owners now, aren't there in a sense, and as you say, there's new platforms and new areas. How do you see the changing industry compared to say five or ten years ago?

BR I think what became very important is having amazing ideas, because the world is changing and the consumer is far more in control of how they're opting into different contents. Technology is going to enable that even more so in the next few years so I think the creative part of our industry is going to be critical because I think most of the time obviously advertising has been pushing out to consumers and we sit there in front of the television in a very passive way...

PS Yeah, we knew where they were too. They were watching TV on a Sunday night.

BR That's it, that's it, but that's not the case anymore. Consumers are wanting more active involvement in content and consumers are in fact their own editors online. We see that every day. They're creating content and putting it into MySpace and YouTube and whatever, so there's much more collaboration with content. I think from agencies, we have to be much stronger in coming up with fabulous ideas that entertain and engage consumers.

PS We're talking to Belinda Rowe who's the chair of the Advertising Federation of Australia. So in a sense, people in

**Belinda
Rowe**

media agencies really have a much tougher job to find out where all the eyes are.

BR Yeah, well, you know, because there are so many options out there, it is more intense in terms of the research that we do so we spend a lot more money on understanding consumers. We've come up with new ways to talk to them about what they like, what they don't like, so we do in fact a lot of online research as well as consumer workshop stuff as well. We've also had to develop quite holistic measurement tools so that we can really follow consumers' behaviour and what they're receptive to during their day from the moment they get up in the morning 'til the time they go to bed — we look at when they are most receptive to messages.

PS But also I guess the world's changing for you as well, that someone like me, I've got my own website. When my hits are big enough, I can go to someone like Commonwealth Bank and say advertise on my site. I'm cutting you out. I'm acting like an advertising agency and I'm also the media provider of mediums that people can go to watch and read and listen to.

BR That's probably not happening very much but in reality that could be the future.

PS Well someone like Kohler is doing it with Eureka and all that sort of stuff.

BR Yeah, well that's right.

PS It's becoming a much different area for you, isn't it?

BR That's right, but also I think part of our job is making sure that we're generating enough reach as well as engagement and so we are dealing with a lot of big companies with substantial reach into lots of communities, so there's different ways to do it.

PS So the advertising industry in a sense has a lot more areas where they can place ads. Is that becoming a challenge for agencies?

**Belinda
Rowe**

BR Yeah, absolutely, but as I say, we're developing fantastic techniques to be able to really understand how to cut through and to connect with consumers, so work out very quickly where we need to be to communicate with them.

PS Okay. In the old days when you're policing ethics within your industry, it was a lot easier. You knew where they were — they were on the radio stations that everyone listened to and the television stations. What are you guys doing as the federation that looks over this industry to ensure that the standards remain really high?

BR Well, there is an Advertising Standards Bureau, which we participate in, and the industry also has a number of codes and those codes are mostly developed by the AANA, which is the advertisers' body, but the AFA works with the AANA to make sure that all the agencies understand what those codes are and how we should be behaving responsibly in communication.

PS Now, we're hearing that all this money's going away from the traditional media into these alternative medias. Did this surprise you, the rate at which the switch from the conventional media to the new media?

BR We've been involved in new media since the '90s and if you remember there was the online or the digital crash, where the digital companies disappear basically, and a lot of people moved away from it. But the thing was that the online world was never going to go away so I think in the last few years people have really accelerated into it, recognising that it is a great way to very quickly connect. For advertisers it's a highly effective way to get immediate response to what they're doing versus some other media where it takes a bit longer to understand what the full effect is. So online is very immediate. It's 24/7 and a lot of the advertising companies and media agencies, they have teams monitoring the digital space 24/7, optimising communication, whereas in TV you don't get the opportunity to do that. Yes, you can get daily results, what's happened the next day, but in the world of digital it's 24/7 and it's any moment so we have teams constantly optimising communication, which is pretty incredible.

**Belinda
Rowe**

PS So is your job harder now because of the complex nature of the media?

BR I think it's more exciting. There is so much opportunity and so much going on, I think our infrastructure is probably more expensive, which is challenging for our businesses. And obviously talking to companies that we work with, to get them to understand, that's obviously important that they see the value of what's happening in return, but yeah, I mean our infrastructure is a little bit more expensive because the amount of money we have to put into research and also, as you say, there's more options so you've got to make sure you've got the resources to be able to evaluate all those options.

PS Okay. And so Belinda, with all this sort of changing nature of the media, what are you doing about accreditation and standards?

BR Well, obviously to maintain standards and improve the professionalism of the industry we have put in place an accreditation program for all our members and that's been highly successful. We've got 124 members accredited. And the real purpose of that is to get the whole industry to understand the ethics of what we're working in, understand all the codes. There's training involved but essentially it's about lifting the professionalism of the industry.

PS A lovely idea. High standards and ethics in the advertising industry. We support that.

BR Yeah. And the website if you want to come to the Advertising Federation to check out what we're doing is afa.org.au or you can always dial in the Advertising Federation on your search engine.

PS Fantastic. Thanks for joining us on *Talking Business*.

BR Thanks