

Talking Business

with PETER SWITZER



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Jack Singleton

is the MD of Phone Names, an innovative marketing agency that lobbied the Australian government for six years to release the numbers that made Phone Names possible. Jack joins us to talk about the growing demand for this distinctive marketing tool.

www.phonenames.com.au
or 1300 PHONENAMES

PS My first guest on the program is Jack Singleton from Phone Names Marketing. Jack successfully lobbied to the Australian Government to release the numbers that have made Phone Names possible.

Jack, thanks for joining us on *Talking Business*.

JS Thank you Peter. Pleasure to be here.

PS I think a lot of people know the name. They've heard of your dad so let's just concentrate on you and your company. What was the first company you kicked off which you still have?

JS My first company was Jack Watts Currie, an advertising agency which actually opened its doors a tad over 10 years ago. Prior to that I'd worked in New York in a large agency over there, and prior to that I worked with the old man. He sat me down and we had that serious conversation you have which is, 'Do you want to work with me for the rest of your life or do your own thing?'. I thought about it for 10 seconds and I said, 'I think I might do my own thing'.

PS Well, he's pretty easy going to get along with, your old man, isn't he?

JS Oh yeah. He's always level, logical and rational and I have since got involved with my old man with a number of projects. Blue Tongue Brewery...

PS And also Paris Hilton as well! Tell us about that one because it got a lot of publicity didn't it?

JS We did get a lot of publicity and fortunately also sold a lot of beer. Paris had expressed interest in coming to Australia for New Year's Eve and New Year's Day about 18 months ago and she asked if there was anything she could do while in town (to help pay the bills for the handbags) and we just happened to be launching Bondi Blonde around about that time. Paris being blonde and wanting to be at Bondi Icebergs on New Year's Day, it just seemed like a perfect fit.

PS Yeah, it was a perfect fit and I guess the interesting thing is that you can't help getting advertising, right? It's in the

**Jack
Singleton**

bloody media! But when those kinds of natural audience appeal magnets like Paris Hilton, it's a rich field for a person like you, isn't it?

JS Oh, it was the media coverage. I think we were very fortunate that there were no tsunamis and no one had died.

PS It's great for the world of Jack. [Laughter]

JS It's very good for the world [of Jack] and for beer sales, but it was a great fit and Paris was lovely as well as incredibly professional.

PS Most people say Paris is lovely, that's the one in France I'm talking about. Now let's just talk about the Phone Names thing because this was a tough gig for you, wasn't it, because this country had an unusual supply of telephone pads?

JS That's correct. Australia had been, I guess, a dumping ground for non compliant alphanumeric keypads. The Australian Standard was adopted (well, the International Standard that became the Australian Standard) in '96 but between '93 and '96 if you walked into a Telstra shop you could have picked up a phone with one of six different keypads, which really made the Phone Names alphanumeric dialling concept very difficult.

PS And was this one of the reasons the government was resistant to introducing Phone Names?

JS I think the government realised that was an issue. The Australian Communications Authority (now ACMA Communications) and Media Authority researched on keypads in the early '90s, mid '90s and towards the end of the decade, where they realised that it was becoming less of a problem, and that along with lobbying for companies such as ours, I guess, added up to them realising there was a commercial demand for Phone Names – phone numbers that spell business names.

PS Okay. We're talking to Jack Singleton and we are talking about Phone Name marketing. How has it taken off, Jack, because at first it was a bit slow, wasn't it?

**Jack
Singleton**

JS Yeah, I guess having worked with online companies such as Yahoo! in the late '90s, everyone thought real online advertising would be a big thing and it took quite a few years for online to be an absolute must-have in the marketer's toolbox. The same with the Phone Name thing. Increasingly there'd be a body of evidence we now have, whether it be research, case studies or test markets, is why you've got publicly listed companies such as Harvey Norman, Dominos and Telstra. Companies that we've worked with and are really reaping the rewards.

PS Is there a problem, mate, that if you have a difficult to spell name, that can go against the efficiency of using phone names?

JS Definitely, but no more so than a difficult to spell name could make it hard for someone to get your internet address right or even do a successful Google search. I mean, if your name was as difficult as...

PS Switzer or Singleton?

JS I think Switzer or Singleton most people could get their head around and it's something that we come up against a bit, but people say, 'Well if you can spell Dominos or you can spell Harvey Norman or Domain, then you can dial it'.

PS What's the interest in Phone Names for small businesses like? Big business you can understand, their brand names are out there, but a small business is getting it as being an advantage for their customers or are they a bit slow on the uptake?

JS Small businesses we found are actually quicker to act. I guess because small businesses are run and owned by the same person. You know, you ask a lot of small businesses where they get their customers from and word of mouth comes up a lot. If you've got a Phone Name, that word of mouth recommendation is a lot more powerful. I said 'Call Switzer Financial Services, look them up in White Pages or their number is 4298 3611', compared to saying 'Hey, give

**Jack
Singleton**

Switzer a call, 1300 SWITZER'. So for companies that don't spend a lot of money on advertising and marketing, a Phone Name can work for them very, very well. And also little things like truck signage. If you've got a flower delivery van and the number is 1300 FLOWERS. If you're a plumber and your fridge magnet is 1300 PLUMBER. You know, there's a store opposite where I work that's a hair loss company and their number is 1300 HAIRLOSS!

PS Are they targeting people like you and me, mate?
[Laughter]

JS I think they might be, yeah. [Laughter]

PS But that's an important point, Jack. Is there like a real estate rush for those great names as well?

JS Look there has been and recently we've had to tell a lot of potential clients we're sorry that number you're after, that Phone Name is gone. And when they're gone, they're gone. If you want one 1300 FLOWERS, too late. If you want 1300 PLUMBER or if you want 1300 FITNESS, WATERTANK or BOOTCAMP, they're gone. And when they're gone, they're gone.

PS And the interesting thing is that if your name is long it doesn't really matter because there's only a relevant amount of numbers?

JS Correct. Yeah, I mean, it's the first. You dial the 1300 and then the name after that can be between six and ten letters long which is perfect if you're a Switzer, a Dominos, or a Westpac.

PS Okay, people out there listening would be saying to themselves, 'Okay, this guy has beaten on the doors of government, they've eventually given in, he's got a great opportunity here and a business has developed'. How hard was it to beat on the door of government to get them to listen to you?

JS Very hard. I mean, if you tried to get a DA through local council, multiply that by about 100. It was not easy and it took six years between '98 and '04, so it was six years of

**Jack
Singleton**

lobbying, pestering, many trips to Canberra and Melbourne meeting with the appropriate people...

PS And was it a big investment in terms of experts and consultants to prove your case?

JS Yes, it was. The time you've got to put into the submission as to why... I mean, government legislation effectively did need to change to enable Phone Names, so it was not a cheap, nor was it a fast, process. It took a lot of time and a lot of money.

PS Jack, apart from the fact that you would probably say to me 'The answer is Phone Names' and I don't want you to give me that answer because we've said enough about Phone Names.

JS The answer is Switzer, 1300 SWITZER.

PS [Laughter] Okay, but for people listening now, you do have a great understanding of advertising. What are the mistakes that people make in advertising their business?

JS The biggest mistake is to not work out what the objective is up front. Some people think 'Hey, we'll do some advertising' and they might do a print run or they might do a letterbox drop or TV or radio, but there's no point doing anything until you work out what you're actually trying to achieve. What's the issue? What's the end result that we're going to be happy with? And then you need to measure and monitor whether the advertising you're doing is getting you closer to that end goal. Often you'll see ads and I'll look at it scratching my head, thinking, 'What is that client really trying to do?'. If you don't know what you're trying to achieve, if you haven't got an objective, you're not going to get it.

PS And also do you think a lot of people go outside their own customer base when they could actually be advertising better to their own customer base more economically?

JS Yeah, look, I know with my business, and you'd know with yours, getting more business from existing customers is always the most effective way of growing your business. You've got to get that customer base to a certain size by

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Singleton**

selling them more products or services more often. That is the best way to grow a business.

PS And how important is research in a customer base?

JS Oh, everything. If you're telling them exactly the right thing, at exactly the right time, the right way and the right place, you'll get a sale. If you haven't researched that database then you don't really know enough about them and it can be the difference between a one percent response rate and a 10/15. We did a direct mail campaign recently and we got a 30 percent response rate, which is, if you talk to direct mail people, unheard of.

PS About one percent, isn't it?

JS Yeah, the time and effort we put into knowing everything we could about the people on that list meant that we got that response.

PS One last question and we are running out of time. Imagine you knew someone who owned a financial services business and he wanted to create the best website in the entire world so people would turn up. What would you pay for the customer research to find out information about your customers?

JS Look, I would think that if your total marketing budget is X, then I would think 10 to 15 percent of that on research is money well spent, because if it can increase your response rate to a marketing campaign from one or two percent to 10 or 15 percent, you know, it's better than having to spend three times, four times, 10 times more on advertising. Find out everything you can about your potential customer and then hit them at the right time.

PS Jack, excellent. If people want to look up what you're doing, what's the website?

JS The Phone Names is 1300 Phone Names, and online, www.phonenames.com.au

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

JS Thank you, Peter. Pleasure.

Les Williamson

is the vice president for Cisco (Australia and New Zealand), the leading global networking and information technology company across the world. Within that role Les is responsible for driving profitable growth through the promotion of the network as the platform for productivity and innovation for businesses, service providers, government and consumers. He talks about some of the trends in online business

www.cisco.com

PS Next I'll be speaking with the Vice President for Cisco Australia and New Zealand, Les Williamson, about how the internet is changing business and society and the Web 2.0 revolution in business.

Welcome to *Talking Business* Les.

LW Good to see you, Peter.

PS Now listen, let's start off at the beginning because there are a lot of older people out there who don't know what the 2.0 is. Is it the 2.0 revolution?

LW Yeah, look, I've been advised that it is the 2.0 revolution.

PS Sounds American?

LW Yes, and well up there on the marketing jargon of course, but really what we're talking about here is the second wave of how people, in business and in private life, are utilizing the power of the internet, the power of the human network, to change the way they work, the way they're living, the way they play and the way that they're educated.

PS Why don't you tell us the first wave, and then graduate us to the second, because I believe there's a third as well?

LW We certainly believe they'll be lots of waves of course, but the first wave was really about when the internet became a public domain. Initially it was government lead, then business lead and then it broached into society mainly around the use of email and in the interconnection of that. It was very much a push capability so really people had to search out what they wanted to learn about or they had to send it to someone else. The internet has become a human network so it knows what sort of information you are seeking. It knows some of your patterns, it can interpret for you in far more intelligent manners. I mean, Google Search, for example, is an evolution of a Web 2.0 search capability. Where it's contextual based, you know you can actually ask it a question. You can type in the question and it will filter out and send you the answer, as opposed to in a 1.0 context where basically you really have to know the answer

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but you had to find where to look for it, so it's a different way of searching for information and getting the information that you'd need.

PS So, in a company like yours, Cisco, how is this affecting your business?

LW Well, the way that 2.0 is enabling our part of the business, and our value proposition to our customers, is around the way people communicate and collaborate. So Web 2.0 also talks about the way video, data and voice is all being merged into new collaborative ways to get work done, to drive productivity, to get the right people at the right time to add to the business decision process, and obviously to drive better solutions and better services out to the end users. An example of this around video, for example, it's a highly interactive collaborative technique and as you well know, Peter, that most information is transported visually. Eighty percent of the human mind picks up its information from visual context so when you can have high definition video as a standard part of your business, both internally and with your customers, that just creates a richer enabled communication path and obviously that's better for business.

PS Yeah, because you can't go onto an internet site nowadays but be hit by some fantastic video that instantly engages you but either sells you something, or educates you about something, which effectively is a fantastic marketing strategy too.

LW Absolutely, and we do need to differentiate between the public internet, which is basically a connection of all the public available servers around the world, if you like, versus the private internet, the corporations, government and small businesses which are creating that can really drive high definition Web 2.0 collaborative capabilities. So still very much in the public internet domain it is best effort... You know, things like YouTube is a public service but lets face it, the video quality isn't of the highest definition. It's a fantastic capability and it's great fun and slightly educational but when you take that into a corporation or a private

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domain the richness of that communication over video can transform, and does transform, the way we do business.

PS We're talking to Les Williamson who is the Vice President of Cisco Australia and New Zealand. Cisco was always perceived as being a big company dealing with big companies but over the years you've migrated into SMEs as well. How do you see this Web wave 2.0 and your company interacting with SMEs?

LW Yeah, look, just to give some context there... The great thing about Cisco is that we have such a balanced portfolio now. Like you mentioned, Peter, from the start it was very much enterprise and government focused. Then we moved into the service provider and the telco global capabilities. Now we've purchased some high consumer brands, such as Linksys, and making major plays into the consumer segment. It was a natural evolution and now that Web 2.0 has evolved, that small to medium business could get the same top end of town capabilities, if you like, but at a price point and an ease of use point that's going to enable their businesses. As you well know, small to medium businesses, they don't have chief information officers or IT experts. It's all about their business and the last thing they want to do is invest money and resources in trying to understand how to make a network and how to make a platform work for them. So we've evolved our capabilities. They have moved down the stack, not in capability but in ease of use, and the packaging of those that really enables a small to medium business to grab the utilization of them. As an example, this software as a service or IT as a service evolution where it's not actually physically delivered to you but you receive your service capability over the net on an 'as needs' basis and it's really transforming so small to medium businesses can access that high power capability to drive their businesses without having to have in-house resources to look after it and to frankly know about it.

PS Well, that's a good question, Les. How does an SME beat a path to Cisco nowadays? What's the channel through which they actually are buying stuff from you?

**Les
Williamson**

LW Great question and, look, we're evolving that as well and, as you well know, we're a massively partner leverage company. Over 90 percent of our revenue is leveraged through our partner community and we're consistently winning awards for our partner capabilities. You know, the brand Cisco is now in so many markets that we're evolving the way that Cisco.com, our entry point if you like, online enables customers to buy so now you can buy Cisco capability through that portal and it simply feeds to a second stream or downstream partner automatically. So there's some of the ways that we're evolving because traditionally you could never buy a Cisco product as a consumer or as an SME just from that, but of course we're further developing our partner community and we've got over 10,000 partners operating in Australia and New Zealand that have these capabilities that are certified and are able to talk to small to medium businesses. It's through our direct and online marketing campaigns that customers will be able to avail themselves.

PS Imagine we've got an owner or an SME listening to us right now. What's the one thing you're seeing in your crystal ball about what's going to happen with the kinds of things that a company like yours is producing, that's going to have a big impact on the way these businesses market using the internet?

LW I think one of the biggest things will be how they're utilising video and voice communications in their businesses to drive greater productivity but also how they reach a broader audience. You know we have the platform if you like the traditional routing and switching and IT infrastructure that is now a single platform that unifies all those rich forms of communication and collaboration. Small to medium businesses can embrace that for their own internal uses but then they can link in their customers and their end users much more effectively so you've got a tighter end user relationship. Through the uses of rich media like video and voice, all on a single platform, they have a much healthier and tighter customer relationship. So to me, that needs to be baked into their defining business strategy.

**Les
Williamson**

PS So basically what you're saying is that if you haven't got an internal IT expert, you should be outsourcing to see what options there are so you are making a big impact when people click onto your website?

LW Just do a simple search, and it's not just about when they click on their website, it's how they avail themselves for whatever services they're doing. But absolutely, their network, their voice, their data, their internet and their video communications need to be a key part of their business strategy and our partners are waiting and willing to help them work through that.

PS Great stuff. Website?

LW www.cisco.com. You'll be able to get all the information about what we're about, how to utilise our capabilities to drive your own productivity, but more importantly, how to drive your business out to your end users.

PS Great stuff. Thanks for joining us, Les.

LW Good on you, Peter. Thanks very much.

Morris Miselowski

is a Future Forecaster and believes that we have experienced ten years of change in the last two years, and that we will experience 100 years of change in the next ten. He discusses some of the big changes just around the corner for society and business.

www.morrisyoureyeonthefuture.com

PS My next guest is Morris Miselowski, a future forecaster who consults with individuals, the government and businesses to plan for challenges ahead.

Morris, thanks for joining us on *Talking Business*.

MM My absolute pleasure.

PS Morris we were talking earlier before we got on air and you were saying you think avatars are the future of mobile tech communications?

MM And beyond. Avatars are wonderful. It's something our kids have kept hidden from us for the last five or six years. When they play their games online, their avatars are their visual representations of themselves. It's the characters they take online with which they play their games.

PS So they become a part of some sort of head cutting off game that they're playing?

MM Yeah, it's the extension of them. It's how they present themselves. Avatars are really starting to move through a business sense as well, so we've pinched it from the kids and we're moving forward.

PS Okay, tell us how it's working in business at the moment.

MM Avatars, for me, are something we're going to see in the next five to ten years. When I was telling a client, five-ten years ago, that we'd have one mobile phone and we'd have one phone number and that phone number would chase us around the world wherever we are, they laughed and said it's not possible, it just can't happen. Avatars are the exact same thing. In five years we will all have one and they will be our online representative, they'll be our PA.

PS But tell us how it will actually work and what we'll be doing with it.

MM These PAs will be doing everything for us. They will be our online tour guide. If we want something, instead of typing it in as we do now, we'll be asking them for it. So my

**Morris
Miselowski**

avatar's called Zak. When I want something I say, 'Zak, go and find me some research material on housing', and Zak will go away and troll the internet. He'll troll all of the sites he knows, and more, and come back with a list of all of the things that I might want.

PS So, do you communicate to Zak using your voice into some sort of microphone on your computer?

MM Absolutely. So, for me, keyboards and mouses are dead, they're obsolete.

PS Which is good for people with no fingers, I presume?

MM Absolutely, it's a boon.

PS Their life is really going to improve, but how many people are using avatars now like this?

MM I think me and a couple of my mates. That's about it.

PS [Laughter]

MM But again, moving forward, one of the things I'm talking about with my retail clients is these avatars are going to be our online shopping guides. So, for instance, if we want to buy a dress or a new suit, instead of going door to door to buy it, we're going to say to our Zak or our avatar, 'Look, I need a new suit to do X, Y, Z with'. Zak knows what's in our closet, he knows our shopping styles, our preferences, and where we like to buy online. He'll go away and find whatever's available for us in suiting, he'll try it on for us and we'll be able to see him modelling it. And he looks like us! He has our size, our shape and when he comes back we'll be able to say, 'Gee whiz! My posterior looks a bit large in that! Perhaps I shouldn't do it'. When we're happy with it, we're going to go away and Zak will buy it for us, he'll have it cut and tailored to our size and it will be delivered to us in a couple of days.

PS So, if you go on a massive around the world trip on an aeroplane and put on 5 kilos, Zak is going to know this?

**Morris
Miselowski**

MM Absolutely!

PS Okay, fantastic. I guess it's a consequence of what they call a virtual world, is it?

MM It absolutely is the extension of the virtual world. The reality is that we are putting more and more of our lives online now and that by 2020 there's going to be a trillion wireless devices around the world computing to use that fantastic.... In other words, it will be behind the scenes, we won't even know it's there. It will just be in the ether around us. These devices that we carry with us, that we wear that are built into our clothing, our hats, our shoes, our briefcase and our computer, will interact with each other and that's where Zak will be having his fun. He'll be talking to all of these devices on our behalf. He'll be doing that interaction for us and he'll be able to make our appointments. He will be our online PA.

PS Will Zak be able to get you a date as well at a restaurant or bar or something like that?

MM Me personally, most probably not, but others he may well do.

PS [Laughter] Okay, see I've also got in some of my briefing notes that we'll have t-shirts that will tell us when we're low on iron! Are you kidding me or what?

MM No, absolutely not! In fact, there is some evidence of it already. Again, this is this online virtual world that, with clothing materials now, we're able to use not only the yarns that were traditionally used, but we're able to put some technology into that yarn. Those materials now can do all kinds of things. They can take our heartbeat, they can measure our pulse rate, they can measure our sweat. They can also measure all kinds of things like diabetes, cholesterol and they'll be able to tell us when something's wrong with our body. For those that are physically impaired, or the elderly, will be able to, in five to ten years from now, make the next emergency phone call (if that's what's necessary) so it will be able to phone for an ambulance or a doctor. It'll be able to tell

**Morris
Miselowski**

them your vital signs, where you are using GPS technology, and also be able to do what needs to be done to keep you alive and resuscitated to that point.

PS So Morris, you're saying that there would be high fashion t-shirts that are like a medical supporter or monitor?

MM Absolutely! Now, they're not going to be mainstream so we're not going to be buying those off the shelves.

PS They won't be coming from China? [Laughter]

MM Look, they may well do. I mean, most things do now so the reality is that you will be able to buy those things, should you wish to. We're seeing evidence already but mostly now in the elderly so that top end then is very acute.

PS It's extraordinary! It worries me a little bit. You know, the big brother sort of thing that you put on your t-shirt and the next minute you're arrested for carrying some sort of disease that could affect the world, but I guess that's where we're heading.

MM It's absolutely where we're headed. And you're right about big brother, but the reality is the law, and also the culture, is going to have to either keep up or it's going to have to tell us what we want out of this technology. Just because we can do it isn't always a reason that we should, but for businesses it's important that they know that these things are ahead of them. They know that there are other sorts of things their customers are going to be looking for. They know that there'll be conversations with their stakeholders and with their suppliers through some other kind of source, like an avatar or whatever it happens to be, in the incarnation. What they're doing has served them well up until now, but moving beyond this, we are moving into a very different world. I have the notion that in the last two years we've experienced 10 years of change, and in the next 10 years we're going to experience 100 years of technological change.

**Morris
Miselowski**

PS Quite scary. The man who's scaring us at the moment is Morris Miselowski. Morris is there anything else out there, some technological gadgets, that are going to quite shock us in the future?

MM I mean, there are lots of technological gadgets that are out there but I think it's more important to look at how the world is going to be, how Australia is going to be, over the next 10 or 15 years. One of the realities is that we're going to have a changing of the guards. We talk a lot about Gen X, Gen Y and Gen Z, for instance. We've talked about them as kind of being behind the scenes waiting for the baby boomers to disappear. Well, in the next 15 years the baby boomer is going to move on, especially Gen Y, they're going to be in the boardroom making the decisions. The things that I hear a lot is my baby boomer clients talking about now the things that they, for some reason, aren't very comfortable with – the work styles, the work habits – they're going to be mainstream 10 years from now.

PS It's a kind of punishment they deserve, I would say...
[Laughter]

MM I wouldn't disagree. The world, from a business viewpoint, is moving along that path, it's moving into the Gen Ys and the Gen Xs. They're going to be bringing their technologies with them. They play the Xboxes now, the PS3s. They're not going to leave that behind when they get into the boardroom. The technology that drives them, that excites them, is going to drive them and excite them in their businesses. The other big change I'm seeing is that due to medical technology we're going to be living to 120 years or so within the next 40 years. The Australian Bureau of Statistics claims that we'll live to 104 by 2040. The other thing that will come of that is by the time we get to 2020, 2025 onwards, we're going to be seeing what we would now call "elderly people" in the workforce. With due respect to anyone but the '70s and '80s, I think it will become the norm for people to start retiring later, and we're also going to see a changed workforce. I talk about with my clients that workspace is going to be globalised, it's going to be

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local and it's going to be virtual. So, global we're quite used to. Also with the advent of technologies we have now, people want things done in their own peculiar way, in their own peculiar region. That's the localised business. But the thing that's ahead for us, that we haven't played in a lot, is the virtual space, the online space, and we're going to see a lot of businesses operate in that space. If we go to Second Life, which is one of those great places that you can play and have a look around, and www.secondlife.com for those that haven't been there, a free site, we can do virtual manufacturing. There it's called telematic manufacturing. There are people there that manufacture jeans online. You, as your avatar, can go into this jean factory, you can choose how you want your jeans to look, the length, the style, the colour, the pattern or the embellishments you want on it, and you can virtually watch a group of nine people construct your jeans. So, you go from station to station watching jeans being constructed. When you're happy with them, when you've seen the finished piece, you can order them to become a physical pair of jeans and it comes out the other end about two weeks later and is delivered by Kinkos in America.

PS It sounds very kinky to me, mate. It certainly is a fantastic explanation of what's happening in the future. Mate, if there's anything more that people want to learn about what you know, what's the website?

MM The website is www.morrisyoureyeonthefuture.com

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

MM Absolute pleasure.

Jason Davey

is Bullseye Australia's co-founder and Director of Digital Marketing. He drives all aspects of the company including operations, marketing, sales and strategy. Jason reveals how online is changing the traditional rules of marketing.

www.bullseye.com.au

PS Jason Davey is Bullseye Australia's Director of Digital Marketing and is our next guest on Talking Business. He drives all aspects of the company including operations, marketing, sales and strategy. Jason co-founded Bullseye in 2000 and has developed the company into one of Australia's foremost digital marketing agencies.

Jason, thanks for joining us on *Talking Business*.

JD Hi Peter. Thanks for having me.

PS Now, it's okay for a person of your age to understand what digital marketing is, but I'm sure there are some people on the plane who aren't quite sure so why don't you put us in the frame right from the very beginning?

JD Sure, look, digital really encapsulates various forms of technology and its impact on distribution through media. So, rather than just talking about the web, these days we talk about digital because we're seeing people using devices such as ipods and mobile phones, digital outdoor interaction, SMS marketing, as well as a combination of the web in order to build an engagement with their consumers so it pervades more medium than just the web.

PS So, years ago we talked about online marketing. That's when people went to their computer and all of a sudden they saw ads on a website. What you're saying now is that it's just going everywhere. Where our eyes go – bang! It's booming up, it's television, it's mobile phones and whatever...

JD Yeah, even more so it's that people are taking the medium with them via their phone typically, and they're choosing when they see ads and what type of content they have, so it's really a lot more of the control that is back with the consumer.

PS Okay, so what do you do? Basically, are we saying a business comes to you and says, 'Look, I want to get into the market', and you come up with a digital solution?

**Jason
Davey**

JD Yeah, Bullseye helps companies plan for the changes that are going to impact their business tomorrow as well as take advantage of the technology and the changes that are available today. So, we help them develop plans, modify their communication strategies accordingly, and then we help them to execute them against those plans to take advantage of the new sort of booming digital economy.

PS Now, I was reading a very interesting article recently – and surprisingly it wasn't an article that I wrote. They're the ones that usually make me more interested than others – and it's about a website called www.glam.com, a massively successful site overseas. The guy who started this was saying that if you look at, say, the traditional print medium and newspapers, things like that, they haven't built up fantastic websites. In a sense their mentality is in the old world and this is a new world. Is this the sort of thing that you're finding as well, that old marketing ideas aren't working well with the new marketing ideas?

JD Absolutely. I think really the biggest changes, despite the huge changes that have occurred in technology, the largest changes have occurred with consumers so people these days are very marketing savvy. They understand the value of their own data, they understand the value of their custom and they like to be talked to in relevant ways. And so, old spray and pray style advertising is really not engaging people, they're switching off to it. They want to be a little bit more in control and they want to basically access entertainment, content information. They want to do research in their own time, in a way that they see fit. So, we call it at Bullseye, My Time is Prime Time, and basically we're seeing old forms of media still pushing a one way conversation. In the web world we call that sort 'Web 1.0'. Currently we're in Web 2.0 which is more of a read-and-write sort of web where people are reading information, researching and contributing back to the web. And Web 3.0 is really where the web will be a medium, in which the web will be intelligent. If you could imagine all of the information available, that people post and data sources collect, interacting with each other to give you a fully personalised

**Jason
Davey**

experience, and an intelligent experience, that actually predicts your preferences...

PS We're talking to Jason Davey from Bullseye. Jason, when customers come to you, is your first exercise to actually explain to them that it's a new world and the kind of money they have to spend and how they spend it is going to be critically important to the productivity of the relationship between you and your customers?

JD Yeah, we usually do explain that but probably our first step is more understanding their customers, and they clearly have a deep understanding of them. We like to hear about how they've marketed to those customers in the past and what's been successful, but then we like to get feedback in the changes in behaviour from their customers and really make sure that there's a very customer centric viewpoint within the business. Coming back to it, what I was saying before about customers being a little bit cynical about marketing messages and learning some of the strategies that marketers have used in the past, they want an authentic conversation so we really try and bring an authenticity into the marketing communications. We really take the business from a product centric viewpoint to a service centric viewpoint, where we can help them understand that they can provide a service to their customers, as well as a product, and enhance the experience so that people don't dis-consume a product – they actually have an ongoing relationship with that product via some form of service.

PS Okay, but the interesting thing about digital is that if you create a great website and the whole thing is totally interactive, the beauty of that is while you're sleeping at night, probably you're making money. At least you're attracting eyes and you can get the advertising to go with it. The more interactive you make it the labour intensive the site might become and the more expensive the backend. Is that a conundrum that you have to sort of manage as well?

JD Yeah, definitely. Look, the investor in technology needs to make sure that there's longevity in any campaign. The

**Jason
Davey**

beauty with digital is that often the conversation you start via a campaign is ongoing and we certainly try and work that way with our clients. A good example, there will be a client like Blackmore's who don't sell directly online, they sell through their usual retail channels, but we build an engagement with their customers over a long lifecycle and we actually adapt as their life changes, we have a relevant conversation. So as another example, the Sydney running festival sponsorship that Blackmore's currently run in, we've built a website that allows people to have a personalised training exercise developed for them and resent to them via email. They can download exercise routines to their ipod, they can practise and view the running course online with time-lapse photography, and then they track against their personal goal and their training routine so that they can have a lead up experience. Then beyond the actual event itself, we will present follow-up information, support, allow people to interact with other runners and then lead them into a conversation with the brand and its relevant products.

PS Mate, sounds very good. Do you have to actually have an expert in the creation of something like that or do you just look at yourself and say this is what I would want and then get someone to create it?

JD It's always a little bit dangerous to base it off your own impressions. I've been surprised by consumers' preferences many times before so we do a lot of consumer research, both in meeting the target audience and understanding their needs. Access to research services and desk space research has worked very powerfully as well so we actually go out and just make sure we put our minds in the mindset of a consumer and really see from their perspective what's important. Then we have a specific service at Bullseye where we use blogs as a way of understanding consumer trends as well, so Bullseye's developed a service which is researching via customer conversations that are happening on the web.

PS So, Jason, what's the website if people want to check out what you're doing?

**Jason
Davey**

JD If you go to www.bullseye.com.au you'll get a sense of the business from there.

PS Great stuff. Thanks for joining us on *Talking Business*.

JD Thanks, Peter.

Angie Bradbury

is the MD of Dig Marketing, a strategic marketing and brand communications business which specialises in the drinks, food and lifestyle industries. Angie is discussing niche marketing to specialist industries.

www.digmarketing.com.au

PS My next guest on *Talking Business* is Angie Bradbury, founder of Dig Marketing Group. Dig specialises in food and beverage and lifestyle markets.

Welcome to *Talking Business*, Angie.

AB Thanks, Peter.

PS Angie, why don't you tell us exactly what Dig Marketing Group does?

AB Good question, we get asked it a lot. We essentially work with our clients across all aspects of their marketing activity. That could be helping them develop a new brand. Someone who's just bought a vineyard and says, 'now what do I do?', so developing a new brand strategy, a marketing plan, a name, packaging for their business and then right the way through to execution and helping them build that brand with their consumers.

PS Okay, let's just go back in time a bit and get an idea where you came from before you set this business up. What was your initial background in business?

AB Well, my first job that I had was working at McDonalds when I was a teenager, and then when I went to university I did a management cadetship program with McDonalds, which was fantastic, and gave me some amazing training. Then I stayed working in a senior management capacity, operations capacity, with McDonalds, for a few years after finishing uni.

PS Yeah? So you had great training and then you set up another business along the way and that then became the starting point for you to create Dig?

AB Yeah, I did. I ran a business that did quite similar things to what we do now as Dig, called Liquid Ideas, with my business partner for 5 years from 2000 to 2005. Then, for a range of reasons, we decided to split the business in half and that's when Dig was born at the start of 2006.

**Angie
Bradbury**

PS Why don't you give people an idea of the sorts of clients you work with?

AB We work with a lot of smaller and medium wineries, so brands that people might recognise like Voyager Estate from Margaret River or Kangarilla Road from McLarenvale, Yabby Lake down on the Mornington Peninsular. Brands that can be quite well know or not that well known and can be producing anything from a few thousand cases up to many thousands of cases.

PS You're called Dig Marketing but you do more than marketing, that's one of the reasons why we have you on the program. In a sense, you audit your clients, don't you, and make sure that they're ready to build their brand more effectively?

AB Yeah, we do. I think a key part of it is that we understand the industry that we're working in so well which is the real power of specialisation. What it allows us to do is understand our client's business very well, understand how they're positioned in their industry standard, which allows us to get a very good feel for what the strengths and weaknesses are of that particular business. So, a lot of the time the brief from our clients will be something like; 'We've been at this game for 10 years, it's time for us to understand where we are, where we want to go in the future and how we're going to get there', so there's a lot of traditional style business consulting in that as well.

PS We're talking to Angie Bradbury from Dig Marketing Group. Now Angie – and I think this is the relevant matter for people on the plane who are listening – you often get people who run either restaurants or wineries and they are fantastic technicians at cooking food and keeping customers happy or making wine that people love to drink, but the next step of effectively marketing it brings them problems. What kind of advice have you found over the years that really works to make people see that maybe they have spent some money but they have to really understand their customer base and then market to that base more effectively?

**Angie
Bradbury**

AB Good question. One of the things that happens a lot, particularly in the wine industry... I had a client take me a while ago and show me a new shed that they just built and I said to them, 'Why have you built a bigger shed?' and he said, 'to store our wine that we've made'. I said, 'well, why don't you focus on trying to sell it and then you wouldn't need to build another shed'. I suppose that's quite a classic scenario in that people think they can make great food, or make great wine, but they really haven't spent anytime thinking about how they're actually going to get that product into the hands of their customers. I suppose what we try and do is give them a very clear understanding of the market that they're working and make sure that they understand how they're positioned and what the size of their challenge is for them. So, with wine, as we all know, there's well more than 2000 wine companies in Australia at the moment and 90 odd percent of them are fighting for less than 10 percent of the available market share. When you start talking about that with these wineries, they sort of say, 'oh gosh this is a lot harder than I thought it was going to be'.

PS How does a small winery get their cut through so they become well known, because we know a lot of the products are fantastic but getting the cut through is so hard?

AB It is incredibly difficult and, you know, we also hear a lot about retail consolidation in the retail liquor industry in Australia. It's very difficult to get your product on shelf and so what we do with our clients is spend a lot of time talking about focus and targeting, and making sure that they can't be all things to all people. They can't be in every major liquor store and every boutique liquor shop and every major restaurant, so really understanding about the sorts of venues that their brand is going to be the most responded in, and making sure that we get a good high profile for them in those places. I suppose starting small, starting in a very targeted fashion and then building what we call their "brand print" out from there.

PS Do you find that an important part of the exercise is to inform media about what this business is and who they're

**Angie
Bradbury**

targeting? And do you find the media responds well when they're given that kind of information?

AB Yes, they do. A lot of the work we do for our clients is around media engagement. And I suppose again, the most important part of that is to make sure you understand the media that you're trying to talk to and being able to clearly articulate to companies a business proposition. What makes them different to the media is to give a journalist a decent story, which is such an important part of what we do. I think a lot of times businesses present themselves with a great deal of sameness, and so trying to get to the very heart of why this business is differentiated from a plethora of competitors is so important, because if you can hone in on that and give that story to a journalist, then you're going to get a lot better exposure for the client.

PS Looking back over time, and I don't particularly care whether it's a story that you've been involved in or not, but I think to prove the point, is there a small manufacturer, small winery or restaurant that actually has done this execution so well that they're punched above their weight? And what was the lesson from that experience?

AB I think a brand that I could talk to you about a little bit is a brand called Yabby Lake down on the Mornington Peninsula. We've only just started working with them in the last month, so I can't take any credit for this, but the brand was started 10 years ago, and that's not very long in the life of a winery, and now it is widely considered to be one of the best producers of pinot noir and chardonnay in the Mornington Peninsula. You go into the best restaurants and the best retailers and they have this wine on the list. It's small production so it's incredibly sought after – and carries a fairly nice price tag – and I think what that business has done incredibly well is (a) make great wine, and (b) understand what that region can do. They have taken that scarcity approach where they haven't just tried to sell it to everyone – they haven't just done the shotgun approach and put it everywhere. They've been very selective in how they've taken that brand to market and I think, interestingly,

**Angie
Bradbury**

if you now ask a leading wine writer or leading retailer, 'tell me, who makes some of the best pinot noir in Australia?', Yabby Lake will be up there in the mix with that every time.

PS So, you're saying by actually being restrictive and using that as a strategy, in a lateral thinking kind of way, is a great marketing exercise?

AB Absolutely, and that happens in wine quite a lot. You know, you think about brands like Giocondo or things even as high profile as Grange, you know their scarcity factor. The fact that it's considered to be rare makes these wines incredibly, highly sought after. The power of it is if you can continue to build your production overtime whilst maintaining that perception of scarcity, then the positioning of exclusivity is a very powerful strategy for a wine brand to follow.

PS And the beauty is that you can charge a lot more for it as well!

AB Absolutely. It's got to have the quality to back it up so that people will buy it year after year, but yes, it is certainly a price premium strategy.

PS Angie, if there's more people want to learn about what you guys get up to, what's the website?

AB www.digmarketing.com.au

PS Thanks for joining us on *Talking Business*.

AB My pleasure. Thanks, Peter.

David Brewster

is the co-author of *One Bite at a Time*, a guide to the Six Sigma management system so successful in a number of large companies in the US. Six Sigma provides organisational change driven from the bottom up. David reveals some of its secrets.

PS Joining us on *Talking Business* is Aussie Culture Management Specialist, David Brewster, who wants to bring back the water cooler moments in the workplace. He says we are talking, emailing, texting but are we really communicating? Brewster's frustrated with the shrinking corporate attention span and prefers to cut through the jargon with his bottom-up approach called, *One Bite at a Time*, a version of the American phenomenon, Six Sigma.

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

DB No worries, Peter.

PS Okay, why don't you explain to people on the plane who are listening what an Aussie Culture Management Specialist is, first up? [Laughter] Do we have culture in this country? Alright, but the fact that you've labelled yourself as an Aussie Culture Management Specialist – what do you mean by that?

DB [Laughter] Oh, look, what does any of these titles mean? I like to help companies build their culture through the sort of work that they do rather than... Take culture change on its own. To say that you can come in and somehow just change culture – and my view is that you can't do that. You change culture in the way that you work people, the way that management deal with people, and the sort of projects that you have. So, with the sort of work that we've done, it's about running projects with people so that, out of those projects, the culture can improve.

PS Okay, can you give us an example, national or international example, of where a decision was made that the culture in a certain company was no good and it had to change, when someone came in and introduced a change, and it's a perceived improvement or different culture in that company?

DB Well, the sort of work that we've done, to touch on some of the Six Sigma stuff... Six Sigma was originally all about quality but we've used it to improve culture by a bottom-up process. Let's take the people who are burnt out on business. Everyone's flat-chat, no one's got time to stop and

**David
Brewster**

think anymore. So let's improve that situation, not by trying to be really scientific and complicated about it, but simply by getting people to talk to their managers. To stop for maybe a couple of hours and think about what is it that we do around here, how could we make it better, how could we make our work a bit easier for ourselves, and then what can we do to improve the situation together?

PS So, when you say bottom-up, you're saying that rather than a leader coming and saying, 'We're going to do things differently around here and you're going to follow me and our culture is going to change...', you're saying that you work at the bottom levels first – and I guess you have to do an audit to understand what the current culture is, what are the challenges for that culture and how you're going to lead a change?

DB Well, that's what most sort of culture change specialist would do, but we tend to take a different approach. We tend to look to audit the culture. What is culture? It's really hard to define anyway, better to let's just get in and work with... What we do is train first level managers in some basic improvement processes, how to take their people through and improve their project, how to work out what's wrong with their own area and then to go from there and make the improvement. That's a really old fashioned thing of just, you know, what can we do around here, how can we make some improvements and the outcome is a good culture, a more open culture and a more 'can-do' culture, regardless of what you started with.

PS We're talking to David Brewster. He's the author of a book called, *One Bite at a Time*, and behind this book is this Six Sigma approach. I'm sure some people on the program are wondering, 'Is it Six Sigma or Sick Sigma?' It is Six. Why don't you, in a nutshell, explain what Six Sigma is, where it comes from and why you're using it to try and improve cultures in businesses?

DB Yeah, sure. Look, Six Sigma to some people is sort of the iphone of management fads, it's the only one you need.

**David
Brewster**

PS Nice example, mate. Typical. [Laughter]

DB [Laughter] It's not the only thing you need but it does go a fair way. Six Sigma started in the mid '80s with Motorola. It was originally a quality improvement process, so a quality improvement methodology, it was essentially an extension of the total quality management, total quality control, those sorts of things.

PS 2QM?

DB Exactly. It took those things but went more broadly across organisations, so sort of said, if we've got to have quality, we've got to be across the organisation, not just in the production areas. We also need to tighten up the tolerance. Six Sigma demands very high tolerance of error, in theory 3.4 errors per million. Six Sigma went a lot further than the quality in those processes because it built into it, as an improvement process, a really rigorous approach to defining what the problems are and making improvements. And what tended to happen is that it tends to be a top-down thing as you mentioned before. So, senior management says this is what we will do and then they train a whole lot of people in all these techniques and Six Sigma go and make the improvements. What we've done with our bottom-up approach. So the difference with *One Bite at a Time* is to try and avoid feeling that things are being imposed on people. Why did we take Six Sigma? The structured approach to problem solving is really strong, it's really handy and it gets results. It helps people think through what they're doing. Where we tried to make it different was just to make it a bit more useable for people at the frontline.

PS As I'm listening to you, and I try to resist the cynicism that wells up inside of me because I love the idea of what you're trying to do, I'm thinking great idea, good history (Six Sigma's got great history). You're taking it from the bottom run to the top and that's a good idea, but at the bottom you've got a whole bunch of people called Gen Y. How do they cope with Six Sigma? That's a big question? [Laughter]

**David
Brewster**

DB They actually cope with it remarkably well. In fact, we find we get probably better results with those guys than we do with some of the other ones. We've been around for everything we've done, we've tried it all before.

PS Is it a great observation from a guy who's probably not a baby boomer, but you're a late Gen Xer aren't you?

DB Yeah.

PS Yeah, that's not a bad observation mate, well done, keep going. [Laughter] We don't hear a lot of positive things said about poor old Gen Ys around here because it's my fault, I lead the charge, but it's good to see that and I think it's an important issue.

DB Well, I think Gen Y wants to be listened to and want to be involved in decision making because our organisations are so lean there's not much opportunity for them to do that. In one of the large banks that we worked with, the best results came from those teams who would give a bit of a chance to show initiative and to importantly decide what they were going to fix and why they were going to fix it themselves rather than have someone else tell them what to do. They love it!

PS I bet you they went to the website Six Sigma and then they got really cool and into it, didn't they? Ah well. [Laughter]

DB I'm not sure about that. [Laughter]

PS Alright. If people want to know more about your book, just give us in a nutshell what you've tried to achieve in the book?

DB The history of the book was that we wanted to explain to people who are doing our program what they were going to get themselves in for. It takes the main character, Nathan, who is a really overworked business manager with an overworked business and overworked staff, who want to make some improvements. So, we really guide people through the process. Nathan goes through the process of

**David
Brewster**

making improvements using the 'Six Sigma/*One Bite at a Time*' approach, and in the end hopefully gets a good result.

PS A very innovative way of doing it too, mate. Is there a website if people want to look into what you're doing?

DB Yeah there's a website for the book, www.onebiteatitimebook.com

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

DB No worries, Pete.

Tim Lefebvre

is the President of BlueScope Lysaght China, one of the world's largest steel companies. BlueScope provided steel for some Beijing Olympic venues and participated in Austrade's Business Club Australia. Tim joins us to discuss the opportunities in this booming economy.

www.bluescopesteel.com.au

PS Tim Lefebvre is the President of BlueScope Lysaght, Shanghai, China – one of the world's largest steel companies. China is a focal point for the company's growth and its operations comprising of eight manufacturing facilities and 2000 employees. BlueScope Steel has had a leading construction role in some of the venues for the Beijing Olympics.

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

TL Thanks Peter.

PS Look, I'm sure people will think, 'BlueScope, now that's an Aussie company. Why are we saying Shanghai, China?'. Why don't you give us a plotted history of what has happened to BlueScope over the last few years?

TL Peter, we invested in Asia 40 years ago, in Singapore and then Malaysia, so we had a presence in Asia for some time. Then, in 1995, Lysaght BlueScope Steel (it was BHP back then of course) invested some money in a Lysaght factory, both in Guajo and in Shanghai. We started back in 1995 and have since grown to 2000 employees and eight manufacturing sites, so it's been a great time for us to be involved in China's construction.

PS Okay, and of course you're in a really unusual period in steel history because the cost of iron ore has just gone through the proverbial roof, and you're making roofs?

TL Yes, that's true. In China, Peter, we're a little bit different in that we don't manufacture steel in China, we actually buy material pre-finished, or partly finished, and then finish it into roofing materials. We sell Lysaght roofs, also better pre-engineered buildings and a range of other products as well. So, we're just part of the value chain in China, but we're leveraging a lot of what we've learnt in Australia in the Chinese market and it's highly valued.

PS You're getting the demand from China, but your costs are a lot higher than you would have expected, I presume?

**Tim
Lefebvre**

TL Yes, interestingly enough, the China steel market, Peter, is the lowest cost steel market in the world and that has enabled them to export a lot of steel in the past years. But now we're finding that these steel prices are starting to get closer to world steel prices. Nevertheless, it means there are raw materials, which is the coal roll coil, and have been fairly competitive and enabled us to compete in that Chinese market.

PS And, of course, we've seen the Olympics and you guys had a fairly significant role in a number of the venues?

TL Yes, Peter, we did. You would have seen during the Olympics, the Tianjin Stadium where the soccer events were held. We're very proud of that facility. It's a teardrop shape facility and 48,000 square meters. We did the whole roofing construction there, that was a great headline project for us, and we're very proud of that. We also did the National Swimming Training Centre and also the National Fencing Centre. They didn't appear as great events though during the Olympics, but nevertheless, we're very happy to be involved in those ones.

PS Okay, we're talking to Tim Lefebvre from BlueScope Steel in Shanghai, China. Tim, tell us the role that Austrade's played in you guys securing these sorts of contracts.

TL Okay, so Austrade really help us in getting access to key government officials, particularly when we're talking about public buildings where government is involved in the tendering process perhaps. And Austrade really did help us out in getting access to those government officials and presenting our credentials to them so that we can, at least, have a look in at that tender process. Austrade, we find, are very helpful, particularly in those government contacts.

PS And also you guys have a role to play in Business Club Australia, which a number of people on the plane might not really understand, so why don't you just basically explain what Business Club Australia is about?

TL Okay, well we've been involved with Business Club Australia for a while, during the Olympics for the

**Tim
Lefebvre**

sponsorship, and we invited a number of guests of BlueScope, China. We mostly used it for our Chinese customers, and we took them along to the events to network and also showcase some of the products that we'd used in the Olympic venues. So, the BCA has really been a wonderful opportunity for us to use the events for promotion, and also network with other clients of BCA through Austrade at those events as well. They also had their facility on the Olympic Green where we had a small booth of our products and our capability setup. A number of people that we took to the Olympics were able to see what we'd done. We've done more than 3,000 projects in China since '95 so we needed to show that and show our capabilities, and that will help us in the future, in our profile, particularly with some of the other events coming up, like the 2010 Shanghai World Expo – and that will be something that will be of benefit too. We'll be able to promote our work with the Olympics to those future events.

PS One thing you know, and a lot of people on the plane would love to know what you know, is how easy is it to engage potential Chinese customers and, in that process, how important is it to have that government connection or to open the doors?

TL It really does require some effort, Peter. You can't walk into an open tender like you might do in Australia and win some business. You really need to have the contacts and you have to work at it. Typically it's a web. You know the Chinese, you may have heard the word *quashie*. It's a name for *relationship* and it's all about a relationship, whether you went to school or university together... So, there's this whole web within China that you need to be part of. If you're not part of that, particularly for public jobs, then it will be difficult to win and really be successful in China. That's why I think BlueScope Steel has been successful, Peter. Particularly with the fact that we've been there 13 years, we've got staff there that have been with Lysaght since the start, so that's been terrific for us. We've got all these relationships there and not only the credentials of the projects we've done, but those relationships that can then spring board us into the future world.

**Tim
Lefebvre**

PS So, the key word is *quashie* for people who want to go to China and open up some business opportunities. If someone came to you, a relative or a friend and said, 'Look, I'm keen to actually put my stuff on showcase so they can see what I can do', what would be the stepping stones that you recommend that they should do?

TL I think it's important to first understand the Chinese market, this is to sell into China. I think the important thing, Peter, would be to look at what the opportunity is. I'd have to say, at first blush, China looks like a huge opportunity and yet it's incredibly fragmented, from a market perspective, and highly competitive...

PS Everyone wants to be there.

TL Everyone wants to be there and the local Chinese are doing a great job at making products themselves. A number of our key competitors are local Chinese customers who have learnt to do what we do and are doing not a bad job at it. So, I think the first thing is to look at, clearly, what differentiator you have in a Chinese market, and then trying to carve out how well you could develop a customer base. You will need help by going there. Austrade are great in helping you out from the start, but also you'll need some excellent local people to help you navigate through. It's a little bit like a maze, Peter, and particularly that business environment.

PS If anyone wants to look up what you guys are doing, either in relation to your business or generally with the Olympics, what's the website?

TL www.bluescopesteel.com

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

TL Thank you, Peter.

Craig Scroggie

is the MD of Symantec for Australia and New Zealand. With five of the 10 largest data breaches in history occurring in the past year, data loss is clearly an issue for many businesses in Australia and Craig is discussing data security for business.

www.symantec.com.au

PS Craig Scroggie is the MD of Symantec for Australia and New Zealand. With five of the 10 largest data breaches in history occurring in the past year, data loss is clearly an issue for many businesses in Australia. Highly publicised data breaches have kept the issue of data loss prevention in the public eye, which has made this issue a really hot topic for many businesses.

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

CS Thanks for having me.

PS Why don't you give us an example of one of these great big data breaches so people can get their heads around what we're talking about?

CS Email, file sharing, instant messages, mobile phones, laptops. You're in the airport this morning, you look around, everybody's sharing information, everybody's connected to the internet, and that ability, to be able to share information, also creates a significant security challenge. The ability to be able to protect that information becomes a challenge for businesses.

PS Okay, so your company I presume is in the business of stopping this sort of thing happening and making people alert to the fact that this is a big challenge for them?

CS Because the information is the enabler today and is really driving businesses. Protecting that information has become the most critical thing. In the old days, attackers were interested in defacing websites, it was notoriety, and today the major motivation is financial, and what they're looking for is information, credit card, personal information, things that they can replicate or produce your identity for some form of financial gain.

CS Look, I heard someone talking the other day, and this person has absolutely no credibility, no research, a completely cockamamie type of view, but the person said, 'I believe the mafia and all the big criminal groups are getting into this space'. Is that true?

**Craig
Scroggie**

PS Well, the underground economy is a \$140 billion business and the ABS recently said that the Australian fraud, credit card and identity theft, was about a billion dollar business. Particularly, we're seeing Russia, China, Peru and Guam... there's a lot of traditional areas that have been high in organised crime in the past, but we're seeing new areas like Guam and Peru where broadband growth is significant, where the volume of connections and ISPs are struggling to manage that growth in broadband because the internet, whilst it provides an extraordinary opportunity for growth from a business standpoint, also attracts a highly coordinated and organised mature underground economy. And we're seeing that economy mature because we're seeing the supply-and-demand side of economics come into play, volume pricing for credit cards and identities. We're seeing value add incentives, buy 10 get one free, we're seeing information being targeted towards social security numbers, tax file numbers, anything that can be used to buy, sell and trade in the underground economy.

PS So, the simple answer is yes, it is the groups that we know of. There'd be no reason why they wouldn't be in this sort of space.

CS That's correct.

PS Okay, so this person, who's a cockamamie type of person, is absolutely spot on?

CS Yes, and the financial gain from those is significant and it continues to attract more specialised investment, and that is where we are seeing the investment of code writers in specific areas. So, in the past it used to be fairly general, now we've reached a point which is a tipping point where there is almost more malicious code being developed for financial gain than there is legitimate code. What that means is it is driving a significant underground economy, but the issue for businesses is the amount of information that is put on websites. We share a lot of information on email, we put information up on share points and wikis. Protecting the information is the biggest challenge for businesses today.

Craig Scroggie

PS We're talking to Craig Scroggie from Symantec. Craig, and business owners who are listening to this, I guess, have to be alert to the fact that there's more opportunity for their business information to be more accessible to these lowlifes out there because of social networking and what their staff are actually doing in the workplace?

CS Yep. Of the 3.5 million Australians who are now connected to broadband, 2.6 million of them are in social networking, and that's basically 200,000 Australians every day who are sharing a lot of personal information online. Now the organised underground criminal element are targeting those social networking sites. We used to tell people not to go down the dark alleys of the internet but the reality is it's everyday social networking sites that are being spoofed or replicated for financial gain. So, I want to send you an email, I want you to click on that link, I want you to follow that link and then enter the information about you, about your account, because that information is very valuable and I can resell it in the underground economy.

PS Okay, look, I'm sure a lot of business owners are wondering, is this possible? You've got a staff member who does a lot of online stuff that's related to the business, they enable and pay accounts using Visa or American Express, or whatever, but then occasionally they jump on their social networking pages, to see what their flunky mates are doing. Is that increasing the opportunity for people to get into your information because you've linked business activities to social networking?

CS One of the challenges for organisations...

PS Is the answer yes? [Laughter]

CS Yes, the answer is yes.

PS [Laughter] Okay, you got me scared.

CS It's one of the challenges for businesses today and we've recently done a study on the millennials. As we start to select their employers they want to know, not only is

**Craig
Scroggie**

this a company I want to work for, but with the ubiquitous nature of devices – they want to bring their device to work, they want their device to connect to the network – so that device becomes a threat in itself. So, not only can bringing up information and connecting to the network then introduce threats that are uncontrolled from a security standpoint, they also want to know that they can get access to the social networking sites and use them at work, so they're selecting their employers based on their lifestyle. They have grown up with the internet. The issue is that those social networking sites are presenting a challenge from a security standpoint and the example I would give you is that if I walked up to you in the airport today and just said, 'Hi, could you tell me your name, your date of birth, where you went to school, your mother's maiden name, tell me about your kids, tell me a little bit about your job...', you'd be wanting to know why I was trying to get all this personal information about you and you probably wouldn't share that stuff if you'd never met me before.

PS Yeah, I could easily put my knee below your belt just to stop you from asking those questions.

CS So, why is it that people so openly and freely share that, and even more, information in social networking forums?

PS It's a great question, mate. So how do we stop our staff from doing it, because you'd lose your staff, wouldn't you?

CS The issue is not about stopping them because a lot in the early days when businesses tried to work out how they would block those sort of things it was more about productivity. So how do we embrace those new technologies? Education goes a long way, so ensuring people know that there are threats and that information is being targeted by organised crime groups, they want to use those tools but ensure they do it in a safe way, so don't post too much personal information. Don't do things online that you wouldn't do in the real world and be careful with the devices that are introduced into an organisation. One of the big challenges for data loss prevention is because we use email and IM, and we upload things to share points

**Craig
Scroggie**

and we use all of these portable media devices. You look around you in the airport today, people are sitting there using their blackberries and other mobile USB type devices. They are transporting an extraordinary amount of personal information, customers and company information. What if you accidentally left that DVD in the Qantas lounge today and somebody picked it up? Data loss is a real issue. So have a policy, first of all, ensuring that people understand that confidential information needs to be protected. But what happens in the event that it does get outside of our control? The damage it does to a company's brand and their reputation is significant, so how do we help protect them? Education is the first thing. But importantly, technology has a role to play and encrypting information that is either sent out over email or burnt onto USBs or DVDs to ensure that if it does get into the wrong hands, people can't get access to the information.

PS Craig, great issue, really well covered. If people want to know more, what's the website?

CS www.symantec.com.au

PS Better spell that word, it's not an easy word to spell. I think Scroggie would be a lot easier than Symantec.

CS s-y-m-a-n-t-e-c.

PS Thanks for joining us on *Talking Business*.

CS Thank you.

Angela Vithoulikas

is the founder and director of Sydney's highly successful VIVO Group – a multi-award-winning string of CBD café outlets and a new busy catering business. Angela talks about how she managed the cafes to success and also the challenges with diversifying into catering.

www.vivocafe.com.au

PS My next guest on *Talking Business* is Angela Vithoulikas who is the founder and Director of Sydney's highly successful VIVO Group, a multi-award-winning string of CBD café outlets and a busy catering business.

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

AV Thank you.

PS Why don't you tell us about the Champion of Champions Awards that you won last year?

AV Yes, we're very fortunate. We won Café of the Year for New South Wales and also Entrepreneur of the Year for New South Wales.

PS Right, and this was like a Commonwealth Bank Champion of Champions Awards, wasn't it?

AV Yes, they're sponsored by the Commonwealth Bank. It requires a written submission for both entries and I understand there were quite a few hundred entries that year.

PS Particularly in the café section as well?

AV Yeah, the café category tends to attract quite a few.

PS How long have you been in the game for?

AV Full-time, 24 years and part-time, all my life.

PS Okay so how long have you owned a business for?

AV Twenty-four years now.

PS Twenty-four years! Now over that time you've seen an enormous change and interest in something called coffee?

AV Yes. [Laughter]

PS Café lattes in particular. Now obviously you were selling coffee from the outset but the new-found interest and desire for coffee must even stagger someone like you.

**Angela
Vithoulkas**

AV The most impressive changes, for me, is the fact that 30 years ago a lot of our shops or businesses had coffee machines in them for show only! You tended to use the hot water from them, maybe the steam, but even a lot of places were using instant coffee, not even real coffee! It was easier to fool a customer back then because nobody really wanted espresso coffee, that wasn't part of the culture, they weren't use to it and they were still a tea drinking population but now it's very, very different.

PS Yeah I think I can remember an old Benny Hill skit where he bent down behind the machine and went 'keeeerrrrre' and pretended that was the machine...

AV Turn a few knobs, press a few buttons, make a bit of noise...

PS How do you explain this enormous social change because the benefits for you is that if someone comes looking for a café latte, they're also thinking about a muffin.

AV I hope so.

PS Yeah, or a Florentine and all the sort of things that we never ate 10 years ago, you're selling them as well. And also Dairy Farmers and Pura Milk, they've survived in a sense, because we are drinking milk again. What do you think explains this change?

AV We're a multicultural society and as the world is getting smaller and smaller, we're very heavily influenced by the people in our world and what's going on overseas. I mean, coffee drinkers, especially in Italy, were drinking espresso coffee from the time they're born, so it's something that came over with a different type of generation and as that generation has expanded and we've all travelled, we've come back home with all these ideas of what we've had overseas and how yummy that was, and why can't we get it here. And businesses have changed a lot. Ten or 15 years ago people were going to a coffee lounge, you didn't call them cafés, and you had raisin toast with butter on both sides of the bread and a really, really, frothy cappuccino with the froth about a mile high from the cup and that was

**Angela
Vithoulkas**

what you went for, or a grill. But a café now, people are looking for a dining experience and they want the same dining experience 'to go' as they have to sit down so the whole ball game has changed and the customer now is so demanding and knows so much that the landscape couldn't be more different, but it's mainly the multicultural influences and how, even on the internet, we still haven't gotten quite to the point of the grande latte caramel concoctions...

PS Thank God for that!

AV Yes, oh we won't serve them.

PS But the important thing is this, and correct me if I'm wrong – and I know I'm not...

AV Oh you couldn't be.

PS I know I'm not, but I've been to Greece recently and I've been to France recently and Italy as well, and even though they have the history of coffee, we do better coffee over here in Sydney and in Melbourne – of course Melbourne is fantastic at it, and of course we're miles better than the Americans. They don't know what they're doing!

AV They shouldn't even do it.

PS Why are we so good?

AV I think we're good at everything.

PS Oh come on, I agree but that's not the reason why our coffee is so good. Well, you know Greeks better than I do... When my wife asked for a weak, very hot café latte they laughed at her and just gave her the coffee they wanted to give. Is it a customer thing? Are we better at customer service when it comes to coffee?

AV I think in general I like to believe that we're much better at customer service, not perhaps in the 'in your face' customer service that people perceive to be better, but our delivery and our consistency is better. We also understand the needs of the population and our population here. Our

**Angela
Vithoulkas**

customers here are influenced by a lot of the European culture, even though we're quite Anglo-Saxon. America, for instance, isn't. The European countries don't have that extra multicultural influence, they're still quite dominated by their original population.

PS Good point.

AV So, they're very focused on what they've always done. They don't tend to change quite as easy as we do here. We adapt wonderfully well to new things and then we change them and make them our own which we're also famous for, I think.

PS Yeah, and the adoption thing explains why your businesses have done so well. Like, there are a real lot of people who've expanded cafes and haven't franchised. Have you gone to the franchised thing yet?

AV We have looked at it, to be honest. I think growth strategy is an amazing concept and challenge, maybe more so now than it ever has been for us, and we're struggling with how to grow our business in a very effective and efficient way without spending hundreds of thousands of dollars opening new stores. Franchising, we feel, would maybe lose a lot of the spirit of our business and also maybe take away a lot of the adrenaline rush that we actually get from being quite hands-on. Although we honestly believe, my brother and I, that the talents that we have, the inherent talents of being able to manage and grow a business, is probably something we should focus on a lot more now and grow.

PS Okay, so obviously the only way you can grow your business is to create fantastic systems that reproduces your business over again and then you have to produce great managers that replicate you and your brother?

AV Yeah, it's about brainwashing and forming a cult and growing from there, pretty much. I mean, a good example today is, we had a very last minute product launch for a customer, which I'm not sure I can mention their names, quite

**Angela
Vithoulkas**

unexpected, and within about an hour and a half we made literally 1,000 coffees and a 1,000 bacon and egg sandwiches 'to go'. Very unplanned, which kind of kicked our butts a little bit around this morning because Friday is our busiest day but it's that kind of team work and adaptation and training that really shows up. When things happen that you don't plan for, and you can carry it off, imagine what you can do when you do plan and you are ready.

PS Very good point. Now, what about the catering side? Is this a part of the business you probably can grow, and isn't sort of dependant on having a fantastically well placed café in a great location?

AV It's probably even more of a challenge than the café because cafés or food outlets tend to depend on a market that's within a seven to eight minute radius of wherever they are. So, I'm really not going to get customers coming to me from another suburb to the café during the week.

PS And it's B to C too, Business to Consumer.

AV That's right, that's exactly right. So your hours, your position, location, geography etc, is a big influence. Catering doesn't have as many boundaries but everybody wants to do catering so the competition is probably a million times more than the café industry and it's a lot harder to reach a market because you're doing a lot more of a corporate approach, as opposed to a retail approach, and you're having to make relationships and do general phone calls and PR, that kind of a campaign that the café world and hospitality is not use to. We're having to look at it in a different way and having to make connections and grow our relationships even from our cafés and hope to expand our catering a lot more that way. We were very hesitant about going down the catering path because it is a lot more involved. You tend carry a lot more debt. Cafés are instant payment. In the corporate world, catering can be 60 to 90 days for payment, it's not as stable as the cafés because some days you're excessively busy and some days you're not. At the café there's a lot more routine, a lot more rhythm – thank goodness – your sales are a lot more an expectation.

**Angela
Vithoulkas**

PS And as you know, Greeks love cash, and cafés are much better for cash. Is there any prospect of you maybe going interstate one day?

AV Absolutely. We probably are more excited about going overseas. I'd like to see a store in New York and Las Vegas, and I think they're desperate for VIVO Coffee. I think we'd kill it, literally show them a thing or two... and service...

PS Have you got a website if people want to see what you're up to?

AV Yes absolutely. The main one to go to is www.vivocafe.com.au and you'll see everything that goes on including our gossip columns, everything that's new, we've got photo galleries etc. Got a new site coming up called *Little Vivo Lady* but she's a whole other story.

PS Great stuff. Thanks for joining us on *Talking Business*, Angela.

AV Thank you very much.

Dennis McFadden

is the founder of the highly successful hair salon franchise, Just Cuts, and he explains the path they took to franchising and how they have just made the move into India.

www.justcuts.com.au

PS My next guest on *Talking Business* is Dennis McFadden, the founder of the highly successful hair salon franchise, Just Cuts. Dennis will explain to us the path he's taking in franchising and how he's recently gone into India.

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

DM Thank you.

PS Mate, people see the name Just Cuts everywhere but they don't know the history and if my memory serves me well, you were never a haircutter who just decided you had to expand, expand, expand. Why don't you tell us the plotted history of Just Cuts?

DM We had this thing called Just Cuts and I was approached by one of our team members who wanted to copy what we were doing and the way to do that was through franchising so that's when I rang around a lot of successful franchisors at the time and picked their brains and away we went.

PS But why don't you even tell us how you were in Just Cuts? Like, how did you get in Just Cuts?

DM Okay. I am a hairdresser and I had a salon which was a full service salon. The Chamber of Commerce in Hurstville wanted everyone to do something different, and it was about *Hurstville Advances Australia Week*, and we put in butcher's paint up on the window, *Come and Have Your Hair Cut for \$6*. This is in 1983 and we identified there was a lot of people out there that were time poor and they just wanted to have a haircut without all those other services. They just wanted to have a haircut and in those days there was the barbershop and then there was a full chemical salon – the salon that did all the services – and there was nothing in the middle.

PS And I can remember in the Eastern Suburbs, the first one that really approached blokes, as you might remember it, Stallion Stables in Bondi Junction and that was the "Full Monty" – you got the hair wash, you had very attractive women in very lowly cut t-shirts, all that sort of stuff that

**Dennis
McFadden**

blokes were affected by, and the prices started going up and you tended to pay for it.

DM Of course. Well, we're a family business – we look after everybody's hair – but yes, I think there's a fantastic niche for someone to do that but we're just looking after the families of Australia who are time poor, want a good haircut in a minimum of time, in and out.

PS Okay. So then Just Cuts was born as a business and then you franchised it to one of your employees?

DM Yep. I had four or five of them going and one of our stylists approached me and said, you know, I'd like to copy this. There was a little bit of ego. We put another sign up on a shop front, but I had to meet with her father – she was only 21 at the time. He was a successful developer and he wanted to look at the franchise agreement and he wanted to look at the corporate guidelines and he wanted to look at the manual. Well, I didn't have these things.

PS And was this before the Code of Practice was actually in?

DM Absolutely. This is 1990. So I left that meeting, rang the Law Society and said, who writes franchise agreements? And away I went.

PS And so you're, in a sense, on the ground floor with franchising because franchising was very small in the '90s when you started and it's expanded like nobody's business. How big are you now?

DM Our business is turning over just under \$80 million a year.

PS And how many outlets do you have?

DM We've got a total of 183 across Australia and New Zealand and one in India and we're looking after about 60,000 haircuts a week and we're looking after about 2.4 percent of the population of Australia.

PS Yeah, fantastic. We're talking to Dennis McFadden, the guy who started Just Cuts. Along the way, because let's

**Dennis
McFadden**

face it, I was talking to the guys earlier and I forgot that you were a haircutter, for some reason I thought you were a businessman who actually just bought into a haircutting business. I actually unfairly said, well, you know, most hairdressers haven't got the background to do something like this and I was totally wrong – you were able to do it – but you must have learnt a lot because to be great at haircutting is one thing, but to manage 183 outlets...

DM Yep. I've read a lot of self-help books. I now surround myself with people who have the skills. In the old days I had a reputation for recruiting people that I liked but now I actually have someone that comes and helps me to recruit.

PS Because that's not your strength, is it?

DM It's not and so I winged it a lot of the time but I had a goal and I just went for it and I had a goal of 200 and that's all I ever thought about.

PS Were you by nature, when you started your first business, were you the sort of person who was always looking to improve or was there a turning point in your life where you stopped being a normal person and said, "I can really create a big business here"?

DM I was always interested in systems and I was not going to be in the business so I had to have it running how I liked so that at the end of the day I wanted to know how many people had been in the business, how many males, how many females, what was the local docket. So without knowing it I was actually setting up a franchise prototype so when the time came I actually had the systems in place and I could just duplicate it and it was just getting likeminded people to come along and invest in my dream.

PS But did you have the vision? Did you say, oh I'm a Hurstville haircutter today but out there I'm going to be an owner of a big organisation?

DM As soon as I considered franchising I had to work out how it looked when it was finally done because it was very

**Dennis
McFadden**

difficult to work out what the fees would be. So I had a vision of 200. How would I service those businesses? What was I going to provide? Newsletters, mystery shoppers, 1800 numbers? So I had to work back from that and work out what the fees would be to be able to generate the sort of support that would make my franchisees happy and obviously make myself happy.

PS Now, this is a critically important matter because particularly in my role in The Australian I'm occasionally asked to look after poor old franchisees who are persecuted by horrible franchisors. I know that's a totally unfair way of looking at it but you must have learnt a lot about dealing with franchisees because you're managing 183 different people, or at least some people who have multiple outlets, I presume. What have you learnt about the effective and efficient ways of dealing with franchisees who've got some sort of gripe?

DM You have to be looking at their productivity and measuring their business so they have to be honest in the way they present the figures. We have had some challenges. We've had owners that have got into trouble and we haven't got onto it quick enough and we're looking at how we can improve that. It's a matter of looking at the numbers whereas in the old days of franchising it was about lifestyle and if they're having a lovely lifestyle that's fine, but today it's a little bit more important and we need to know how the numbers are stacking up.

PS And you also do have some outlets in pretty expensive shopping centres, don't you as well, and that's when the challenges come of rents and all that sort of stuff. Has that been a big learning curve for you as well?

DM You have to educate the leasing people that this is your model, this is the numbers. Our rent has to be a percentage. We have to do this number of people otherwise we can't make it work. We've opened a salon every six weeks since we started but we've closed one every 40 weeks. We've closed because the rent has escalated. If the landlord can

**Dennis
McFadden**

get more money for that site, that's the way they've to go but unfortunately we can't pay it so we have to walk away from deals and that's all we can do.

PS What's probably the best advice you'll give anyone who's considering a franchise, about the pros and cons and the kind of person they're going to have to be to make it work?

DM You've got to go and ring as many franchisees as you can.

PS In that system?

DM Absolutely, and speak to other people in business for themselves and see if business suits you. It's not easy. Franchising doesn't make it easy and in some systems you've got to work 24/7. So look at the investment. Today it's not about lifestyle. It is about generating money because they've got a mortgage, they've got children, so you have to look at the numbers and in franchising that has been difficult to give the numbers because you should make your decision based on numbers and a lot of franchise systems don't give that, so that's a bit of a challenge as well.

PS And your next test is how well does your systems work in India? I know it's early days but what's your view so far?

DM Well India, we identified that country as having a huge middleclass – 300 million plus.

PS Lots of haircuts.

DM Lots of haircuts in a population of 1.1 billion. There are one million hairdressing salons over there but there are only 500 at the top end. There is nothing in the middle so we can go in there in that middle group and we can be the biggest in very short time.

PS Well, I reckon all you have to do is get Sachin Tendulka to go into Just Cuts, mate, and you will make a motza.
[laughter]

DM We've looked at that but he's very expensive as a brand ambassador.

**Dennis
McFadden**

PS [laughter] Fantastic. Thanks for joining us on *Talking Business*. Dennis, if anyone wants to look up, I presume you've got a website?

DM We've got the website justcuts.com

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

DM Thank you.

Dr Chris Crook

is MD of Nature Pty Ltd, a boutique Melbourne consumer research firm that does work for some of Australia's largest businesses. Chris is going to delve into market research and talk about what consumers are really thinking and how accurate research really is.

www.natureresearch.com.au

PS My next guest on *Talking Business* is Dr Chris Crook who's the MD of Nature Pty Ltd, an expert in tapping into what the consumer is thinking to help companies in their planning and investment programs.

Chris, thanks for joining us on *Talking Business*.

CC Thank you, Peter.

PS We've been talking to a number of marketing people on this program today and at the end of the day they often rely on the sort of information that you dig up on consumers. How good are you guys at actually getting consumers right?

CC We're very good, actually.

PS I knew you'd say that. [laughter]

CC Of course, of course. The nature of the work we do is such that it's quite predictive, meaning we can help marketers essentially do their jobs better and more accurately.

PS But how can you be sure of the consumers that you've surveyed, and I presume surveying is a large part of your processes, that you're actually getting the right consumers and they're actually giving you the right answers?

CC That's a good question and in large part that focuses on the difference, I suppose, between what is good research and what is bad research. Good research involves speaking with both the correct people in terms of the target market for the businesses with whom we work but also speaking to the right number of them as well. It's important that we speak to what is a reliable and representative sample of, for example, an organisation's customer base.

PS Okay. So even if you get the customer base right and you're actually picking a trend that there is change, how certain can you be that the trend is significant enough for the company to change the way they're doing things?

CC If we do a sufficiently large and high quality sample of respondents, as we call them, we can be very confident

Dr Chris Crook

to a 95 percent level, for example, that the estimates of behaviour which we're going to predict are in fact accurate.

PS Can you give us an example of a company that got you to do some research for them and the conclusions you made quite shocked the incumbent owners or managers of the business?

CC Yes. We did some work for one of Australia's retail banks some time ago now in which we were asked to test the feasibility of a new online banking unit essentially for that bank. The work we were going to do was actually to inform their business case to determine whether or not the branch or the banks should go ahead. The research which we came back to them with in fact proved that the business case would actually not be able to proceed on a financially feasible basis and I think they were probably quite surprised, if not a little disappointed, with that sort of research result.

PS Does that kind of conclusion worry you in many ways? Admittedly they're going to pay you anyway but to deliver bad news must be something to think about, but at the same point I guess you can't give them the wrong information?

CC There's different ways of looking at that. While it would have been nicer in a lot of ways for the business, for our client, to go back with a more favourable result, it's also the case that by investing in the research, which they did, they were able to save an awful lot of money which would have been invested into a concept or an idea which might not have been as successful as they'd hoped.

PS You know, your business has straddled this unusual time, I guess started by the internet and now the digital age as well. Do you think a lot of businesses are failing to understand how impactful this new digital age is going to be?

CC I think that a lot of businesses fail to understand how consumers really react to their presence in an online environment for example, and a lot of companies perhaps make the mistake of getting overly involved in, for example,

**Dr Chris
Crook**

fine tuning the content of their website without taking into account adequately what it is that their customers truly need or want, which in some cases is very simple and straightforward to achieve. In a sense a lot of companies arguably over-engineer how they relate to consumers in an online environment.

PS So how do you find out what a customer doesn't really want? Is it simply through surveying?

CC Surveying is simply a vehicle for us to have a conversation with a lot of different customers or consumers. Because we interview a lot of people through surveys, we're able to make inferences or conclusions to a broader known population about the sample which we draw. Within that, though, the nature of the questions we ask respondents and how we analyse the data we get from those surveys is fundamentally important in determining the sort of information we go back to our clients with.

PS What's the modern consumer like? You would have seen the modern consumer change over time, and I know a lot of the radio stations and television stations chase that age group from about 18 through to about 39 or something like that. If we look at that high impact audience, how has it changed over the last ten years?

CC Well, I think that even within that relatively broad age group there's quite a lot of diversity. We talk about the differences between Generation Y and Generation X consumers who have got a fundamentally different set of expectations about their own employment for example, but also about how they relate to brands and products and services. I would say the changes are more generational than they are anything else, such that those generations of Y and X are quite different to those which we've seen before in terms of their expectations in and around what they believe, in a sense, they want or deserve.

PS Are you finding some incumbent businesses in a given industry as they try to adapt to the new era and the new consumer, actually find it very difficult to migrate the way

Dr Chris Crook

they market and the way they sell to this new audience, and I think the newspapers have often been accused of not really understanding the new age as well as they should have?

CC My observation is there's a couple of different types of organisations. First of all there's those that are quite marketing lead and quite marketing focused. They've seen the light, in a sense, and understand that if they get to know their customer and consumer to inform the strategies they've got about their business, they'll do quite well. A lot of other companies, though, which don't have as much of a marketing focus, find themselves somewhat behind the eight-ball in that they're not really structuring what their business or product or service offering is to their marketplace. Those companies which are less marketing focused have more challenges, I suppose, in really being successful in relation to their market.

PS If you had to give some advice to anyone who's running a business and is trying to be abreast of all the changes that are happening out there, what are the recommendations you would make?

CC I think the first fundamental rule – and this applies to all businesses regardless of their shape or size or scale – is to really understand the market they're playing in or plan to enter. You see a lot of businesses fail quite simply because they don't do adequate marketing plans and really get to know who their end consumer or end customer actually is. It's probably the first and most important thing and that holds, whether it's a small retail store on a street corner or a large major blue chip corporation.

PS Do you think that the big problem for many businesses are they're simply not prepared to pay for the information which ultimately is going to open up the treasure chest of where the money can be made?

CC I think that comes back to my comment before about whether an organisation is marketing lead or not. A company which is good at marketing lead philosophy, if you

**Dr Chris
Crook**

will, or a market orientation, their willingness to invest in understanding customer needs and the marketplace is a lot higher than is a company which is less marketing focused. Increasingly, though, I think that marketing is getting good momentum in the business community nationally and internationally and therefore what we see is that budget line items, for example, for marketing and advertising activities is quite resilient.

PS Okay. If people want to know more about what you do, what's the website?

CC It's www.natureresearch.com.au

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

CC Thank you, Peter.

Mark Benedick

is the co-founder and director of Sense, a specialist marketing firm that generates excitement and awareness of a brand through live events and experiential marketing.

www.sensemarketing.com.au

PS My next guest on *Talking Business* is Mark Benedick who's the co-founder and director of Sense, an event design production and management company based in Sydney. In early 2007 Mark Benedick and co-founder Anthony Halprin decided to take on the industry giants and create Sense Event Group Pty Ltd about realising the need for a creative and also research driven event business model.

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

MB Pleasure, Peter.

PS What's your background? What have you done in the event industry to make you understand that something new had to be done?

MB [laughter] It's a good question. Well, both Anthony and I have been around eight years in the industry. I started off in an advertising agency, Leo Burnett, which is a fairly big worldwide agency, and was involved in events working for them. Then I've been out freelancing for the last three years or so. In that time a lot's changed and marketing has changed quite a lot in that eight years as well so hence the reason we decided to come up with Sense Event Group and start up our own company.

PS I'm sure a lot of people on the plane just listening to us now are thinking, well, what does an event design company do? Like, "what are you designing?" they're saying. An event? How do you design an event?

MB Yeah, well, events – they've been through a lot of change in recent times. Probably a lot of people listening would expect event managers to be doing fluff and putting together beautiful looking rooms for a big dinner bash where they can sit back and have a couple of beers or so, but these days with the way marketing is going it's becoming a lot more a bigger part of experience marketing, which is a whole new movement of marketing which has happened in the last few years, and as such people are throwing a lot more dollars towards experiential marketing, and events is a massive part of that. And in doing so they need to be

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finding their event dollars being a lot more measurable and therefore we've come up with a company which, I guess, puts a lot more emphasis on the research and the thought and, I guess, the sort of intelligence behind the way an event is designed.

PS Yeah. It's funny because a lot of people's notion of an event is like an annual sales conference or an event that is linked to a business that's often a reward to the people inside or it may well be an education program, but what you're actually saying is that marketing has actually moved into an events' space. So why don't you give us an example of a well known event which really is just a marketing event?

MB Yes, sure. An event which recently happened, just in July a few months ago, for a well known vodka brand was basically they created their own event to pull together their drinkers at a place where they could meet and enjoy. And this was part of an overall wider marketing campaign which happened in Sydney. It was just a great big dance party. That is an example, I guess, of companies creating spaces for their people to get together and actually experience the brand. That way they get to control the environment that people are in and at the same time get to enjoy and taste and all the things that go along with something as fantastic as vodka as well.

PS We're talking to Mark Benedick, the director of Sense Event Group. Now, the example that you gave us then is of a big organisation. Are smaller and medium sized businesses also looking at events as a way of capturing the market and creating momentum for their brand?

MB Yeah, absolutely. An event can be large or small essentially. Obviously more dollars are going to have a greater impact in terms of the volume of people you can get to or, say, the creativity is also...we can't deny that money also helps what you can do. But small right through to large, it might be a small event but it can still have a large impact on people.

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PS Yeah. I guess the thing is this, that it's not just the dollars because when an event is created, you then would want the media to jump on board and get excited about the event and give you a whole lot of free publicity. So this creativity, this aspect that you say you come to the market with and the research linked to it, is going to be very important to create some sort of public interest in the event, and even our smaller organisation could get away with doing something like that.

MB Yeah, I mean absolutely, and that depends I guess on whether the event is, say, a business-to-business event. There's a whole market there of businesses wanting to look after their employees and also manage their sales people and get them motivated – things like that. And I then there's, I guess, the other side of events which is the consumer driven side, so, doing events to the public, being out and about in the public eye and, yeah, that's the thing – events is part of an overall wider marketing campaign for companies.

PS Looking at your experience, what event has stood out in your mind as being a fantastic marketing experience and we all know of it and it actually has this ongoing brand building impact?

MB Talking, I guess, on a fundraising and a charity sort of level, these types of companies also get involved in what you would call an experience event in terms of marketing. The Starlight Foundation do a fantastic thing which is the tennis cup which they do for the Starlight Cup. They invite a whole lot of celebrities along and people get to, I guess, experience, you might say, the Starlight Foundation for the day, so meet celebrities. And that's obviously with the end goal for them of bringing in more revenue for the foundation in order to continue doing all the great work that they do. So that can work on a fundraising level and that obviously can translate across any type of company.

PS What are you guys doing to grow the business? Clearly turning up and talking to me is a part of your growth.
[laughter]

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MB [laughter] You're my number one, Peter. [laughter]

PS Yeah okay, but a company of your size, are you actually designing events for your own company?

MB That's an interesting lateral way of thinking. No. What we do is we get out there and we talk to people that we've dealt with in the past. Some of our clients have come through that way and having experienced and work with us, so perhaps in some sort of a lateral way they have experienced us as a company, but you know, we're out there talking on the phone. We don't do any type of advertising to people. We sort of practice what we preach. In other words, we try and get out there and talk to people, have people talk to us and just hunt down the work that we try and find.

PS I guess the final question is, thinking about a small operation and considering the kind of expense you need to do a major event, have there been businesses you've come across who actually have created events in a venue where there are lots of people and actually have drawn attention to their brands as a consequence of that activity or event?

MB Yeah, sure. An example is a job that we worked on for a previous employer of mine, which was for Arnotts. You know, it's a very well known brand but we did a thing once which was called Win a Wish where we had genies go out into Sydney and actually give away cash to people on the streets. Someone at an ATM that was drawing out money, we actually gave them \$50 and said, "forget about drawing out your own money, use our money." That's a very small scale. We had probably ten genies over the course of a couple of weeks doing that around Sydney and, again, as part of a wider campaign. I think overall that achieved about 300 percent increase in their sales over the course of the following months, which they measured, so that's a small example and really a low cost example.

PS And it's similar sort of to the Gold Coast metre maids, which have been gone on for ages.

**Mark
Benedick**

MB Well, yes. That's true. [laughter]

PS So, in a sense, what you're saying, it's just lateral thinking because I know guys like Tom Pethic, when they kicked Nudie off, they used to turned up to major sporting events and just give Nudie stuff away and with a flyer which said, if you like the stuff, take this to your shopkeeper and get the shopkeeper to contact us and we'll put Nudie into the fridge in the shops.

MB Well there you go exactly. I mean, a lot of the time a great idea doesn't actually have to cost a lot of money. It's just the thought and the creative, I guess, and an intelligent approach behind that, which is something we always try and do, that can create a great idea that, yeah, can have not much of an impact on their marketing budgets – they just need to walk out the door.

PS What's the website if people want to check out what you're up to?

MB They can go to www.senseevent.com.au and take a look around and that would be great.

PS Thanks for joining us on *Talking Business*.

MB Thanks, Peter.