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ROCKY ROADS TO SUPER HIGHWAYS

IT SOMETIMES SEEMS THAT EVERY MAN AND HIS DOG IS RUNNING AN ONLINE BUSINESS, SO HOW HARD CAN IT BE? **CAMERON BAYLEY** TALKS TO E-COMMERCE ENTREPRENEURS ABOUT THE NUTS AND BOLTS INVOLVED IN LAUNCHING THEIR SERVICES ON THE INTERNET AND FINDS IT'S NOT ALL HUNKY DORY

IN THEORY, IT ALL SEEMS SO EASY. COME UP WITH A GOOD IDEA, BUILD A WEBSITE AND VOILA, AN INSTANT ONLINE success story. With many of us building budding eBay businesses or creating detailed MySpace pages, it's easy to think running a whole business online wouldn't require that much extra time and effort.

Danial Ahchow, co-founder of e-business Service Central (www.servicecentral.com.au), admits that when setting up the business he succumbed to the online fairytale. "When we started, the theory was that we just build it, and then it runs itself and we live happily ever after," he laughs. "Then we found that it just doesn't sit on the internet and sell itself, so all of a sudden you need sales staff and IT and admin staff." Launched in mid-2005, Service Central now operates with a team of almost 30.

The site works by having customers list a service request—for example, for a plumber—then the team organises for a selection of service providers to contact them and quote for the job. Ahchow says his moment of inspiration came when he was in another job and needed to urgently find 150 contractors for a project. "The logic was, is there a place where I can just publish what we require once and then people who do that work call through to us? There wasn't, so I thought: let's build it."

In underestimating the work involved in setting up an online business, Ahchow would certainly find a sympathetic ear in Mike Gibbons from eMove (www.emove.com.au), an online service that provides a directory of all services associated with moving house. "We foolishly thought we could get together, get a bit of capital in, get the business done in about a year, and there you go," Gibbons says. "Seven years on, we're still going."

The business has gone through quite a few changes since it began as a change of address notification service originating in New Zealand. Gibbons and others came on board in 2000 to bring the service

to Australia. The team found having such a narrow focus was a big challenge, and the business nearly folded. However, in 2004 the decision was made to buy out the original owners, and Gibbons took the helm. "I took it over and expanded it to make it a genuine one-stop shop," he says. eMove now covers services such as removalists, cleaners, storage facilities, and utilities notification. "We went ahead and just destroyed the whole thing and rebuilt it from the ground up."

Despite a renewed concept, it wasn't all smooth sailing, and Gibbons describes 2005 as a



"YOU NEED TO HAVE A VERY CLEAR VISION AS TO WHAT YOU'RE GOING TO OFFER AND HOW YOU'RE GOING TO DELIVER THE PROMISES YOU MAKE"

such as Google and eBay are extremely complex behind the scenes, but super simple for people to use. Every online system you build needs to replicate this simplicity."

However, knowing he's going against a lot of the experts, Ahchow is also wary of being too cautious, or spending inordinate amounts of time in the pre-planning stage. "It's really about diving in the deep end," he says. "It's actually about getting in there, working out what you want and offering it to people and seeing if other people want it as well." With little capital to start with, he admits there wasn't much to spend on market research before launching the business, so he had to trust his intuition early on.

As both services rely on getting providers on board they had to prove to potential providers it was worth their time. For Gibbons, this has been the most frustrating part of the process. It took four years before finally getting through to the right person at one large service provider (who agreed to be involved with the site within three weeks of the call).

Things at Service Central weren't much different in the early days. "We had to actually call 600 plumbers before we could get one to sign up," Ahchow says. "You need to prove that you're a person of integrity, you need to have a very clear vision as to what you're going to offer these people and how you're going to deliver the promises you make." With the company now listing 1,000 providers and reaching 10,000 users, the process is quite a bit easier.

Attracting partners is only half the equation, and Ahchow and Gibbons agree that getting the general public to visit your site is another major step. For eMove, which has launched more recently, the push so far has been on search engine optimisation, as well as revenue-sharing options. For example, the company has relationships with some removalists who will recommend customers to the site for all their other moving needs. It has also signed on to be the exclusive provider of moving home services as part of Publishing & Broadcasting Limited's (PBL) MyHome online property site. "You've got to target your traffic," says Gibbons. "The key for us is where do we find somebody just before they're moving home, because we know our business will help them and they'll love it."

Service Central has found advertising, predominantly on radio, is a big driver for users to their site, with strong word-of-mouth and repeat users also pushing up their hit rate. Perhaps surprisingly for a business like this, Ahchow says online advertising hasn't been the best option, with too many "poor quality" advertisers making it a crowded space.

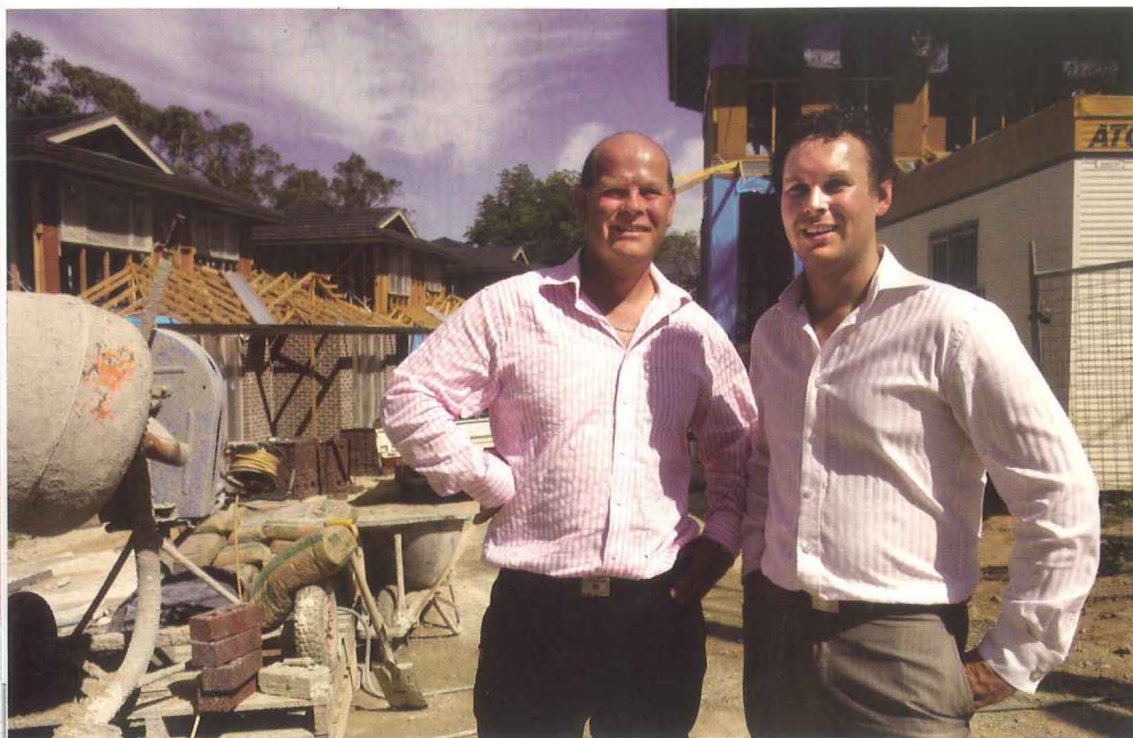
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"nightmare" year, taken up with developing the site. After raising more capital, the site was upgraded a second time and effectively rebuilt again last year. For a directory website, he explains, having a critical mass of providers listing their services is the crux of the whole operation, and so with 300 organisations now on board the business has finally reached a position where it can confidently look forward.

Once the initial concept is in place, Gibbons and Ahchow both acknowledge that working out the finer details will then make the process of launching an online business much smoother. For a start, it can play a big part in choosing the right web developer for your site, which is never an easy process says Gibbons. "Know exactly how the transactions will work," he explains, "what reporting you'll need, what billing you'll need, that sort of thing." Going through this very explicitly with a potential developer, and getting them to explain why their approach may be best, is one way to gauge how good they'll be for your business.

Ahchow says ironing out your vision to start with, and knowing your potential customers, also allows you to streamline the website. "You need to build a unique service that provides an absolute 'wow' experience for your users," he explains. "Powerful online systems



At your service: Founders of Service Central, Danial Ahchow (right) and his father Bruce.

> KEEPING ON

For both businesses, the minimal infrastructure of running an online business compared with running a bricks-and-mortar operation is one major benefit. Reduced staffing is another big plus. "With all due respect to human beings, I think most people running a business would find that dealing with human beings is the most difficult thing to do," says Gibbons, who currently leads a team of four, but concedes that because the business has just opened up to inbound customer calls it may expand as demand increases. With web statistics and call rates being easy to monitor, e-commerce businesses can stay on top of staffing relatively easily. "As soon as there's a certain threshold of phone calls and contacts, that's when you need an extra person."

Being able to put a lot of attention on your core customer service, rather than the logistics behind it, is also really helpful, explains Ahchow. "From a business perspective it's very good to not have stock and warehousing and logistics and the like," he says. "So, if you have a flood of a thousand customers calling through tomorrow you can actually deal with them."

Maintaining their respective sites presents an ongoing challenge, but both Ahchow and Gibbons are philosophical about the teething problems they've faced along the way. "It's been a very frustrating process. It shouldn't have been 80 percent as hard as it's been, but that's life," Gibbons says. After doing the hard yards, he's now looking forward to the next phase of eMove. "It's ready, it's there, it's usable, which is all good," he says. "It's exciting thinking what we could do this year."

"We've definitely made some mistakes," says Ahchow. One of the biggest was using an outsourced sales team. But, while this didn't work, it helped him define exactly what he wanted from the sales component and so he doesn't regret it at all. "It was such a valuable lesson it was probably worth making some mistakes."

For future online entrepreneurs, Gibbons says make sure you've got more than adequate financial backing. "You must be so well prepared with sufficient money so you don't have financial pressures as well as the business pressures," he warns, adding it's not uncommon to be let down at the last minute and urgently need to raise more capital. "That's just an ongoing thing."

Having capital also means you can budget for marketing, which Ahchow says is still important despite some current buzzwords. "Don't believe the hype about viral marketing. Unless your idea is MySpace and you have backers like Rupert Murdoch, exponential growth through viral marketing is a myth. Therefore, make sure you have a very solid budget set aside for real-world marketing."

Investigating possible financial assistance such as AusIndustry's Commercialising Emerging Technologies (COMET) program, is one option that any e-business entrepreneur should explore says Gibbons. And in his experience, getting additional know-how has made all the difference. "Get to know a good business adviser who can advise you on government grants. It's critical."

Gibbon's eMove team has also benefited from having Jay Hennock, the founder of successful dating site RSVP.com, on its board over the last two years. "From an advice perspective, it's been pretty handy."

Ahchow says the Service Central team constantly come back to two principles in running an e-business. "One is making sure it's fun and interesting," he explains. And secondly, make sure the business can grow as needed. "If something is potentially a road-block to scaling the business, get rid of it." And with more of the gusto which has seen him through the countless phone calls and challenges in setting up Service Central, he has some concise advice for those wanting to set up an online business: "Do it." ●