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During the recent economic downturn, some companies not only survived but flourished. Cameron Cooper meets four business owners who have emerged from the gloom with flying colours.

**T**he global financial crisis provides a fascinating insight into why some businesses fly and some flop.

Take Phillip Di Bella, the charismatic founder of the fast-growing wholesale and retail coffee empire, Di Bella Coffee. Whereas the first instinct of many employers in tough times is to slash staff, the Queenslander took a different tack: offering his employees financial counselling.

"It's not just businesses that are affected by this downturn," he says. "People have home loans and are mortgaged at 90 per cent. It's about making sure that our team members know that if they are in any financial strife, they can talk to us about it."

There is a business motive, too. Di Bella wants happy business development managers liaising with his clients when they compete for deals in the highly competitive food and beverages sector.

"If they are going out and singing their own doom and gloom, you can imagine cafés and restaurants are not exactly going to be on top of the world."

Such a left-of-centre approach is part of the formula that has seen Di Bella turn an initial \$5,000 investment in his company in 2002 into a business with 1,100 clients and revenue of \$15.05 million for the 2009 financial year, up more than 60 per cent on the year before.

## Shining lights

Amid the carnage of the financial crisis, Di Bella Coffee is among a number of over-performers that are growing on the back of great business strategies, superior service and advanced technology solutions.

Others include Aussie Farmers Direct, a franchise model specialising in free home deliveries of Australian produce; Solar Shop Australia, a provider of solar power solutions to homes; and MyBudget, a personal budgeting company. All made it late last year on to the *BRW* Fast 100 list of rapidly growing companies.

Fortuitously, the financial crisis has helped all four entities. For Di Bella Coffee, a switch away from expensive beverages, such as champagne, has seen more people consume coffee as a treat. For Aussie Farmers Direct, cash-conscious diners have been cooking at home rather than going to restaurants. For Solar Shop, tighter employment markets have allowed it to attract good staff despite an ongoing skills shortage. And for MyBudget, inquiries are flowing in as people try to manage their finances more effectively.

Braeden Lord, CEO of Aussie Farmers Direct, heads a group whose revenue topped \$64 million for the 2009 financial year – growth of almost 400 per cent. Management expects further growth in excess of 50 per cent this financial year.

Supplying a range of fresh Australian produce to the door, Aussie Farmers Direct has unashamedly extended the image of the friendly 'milko' who used to deliver fresh milk to homes.

"When a customer ultimately builds that same trust and confidence around what we can deliver to them, there's absolutely no reason for them to be anywhere else," says Lord.

The business has more than 150 franchisees who are responsible for suburban rounds. Lord puts the company's success down to a few factors. First, spending more than a million dollars to overhaul an overwhelmed



Another over-performer: the founder of Di Bella Coffee, Phillip Di Bella.



Solar Shop Managing Director Adrian Ferraretto has seen his business grow from 10 to 200 employees in five years.

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Debt buster: Tammy May, the founder of MyBudget.

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software system has allowed the back end of the business to easily manage its database of about 70,000 customers.

"Without it and the people behind it, there's no way we would be where we are now," he says.

Second, the selection of franchisees has been finetuned to favour those who are "wholehearted and boots and all" and become the face of the business in their local community. "That's what makes our business so strong," says Lord.

### Budgeting for success

In South Australia, MyBudget founder Tammy May is securing her financial future while also helping others beat the budget blues. Her advisory team provides a comprehensive budgeting service to middle-income Australians in an era when many people are struggling to pay off their debts and better manage income and investments.

Set up in 2000, May had been working in the debt collection arm of a law firm when the idea came to her. She could see people needed help.

"I just thought it was the right thing to do by those clients and there was definitely a need in the market and no one was filling it," she says.

Now with about 6,000 clients, revenues are on track to hit \$7.5 million

this financial year, up from \$3.9 million the year before.

May says one of the keys to growth has been turning her 70 employees into more than "nine-to-five workers". Quarterly professional development sessions ensure that employees understand the direction and philosophies of the business.

"Professional development days are not designed around training – it's around the importance of why we're here, what we're doing for our clients, what we're doing for each other and the difference we're making in the community," says May.

Rebuilding the MyBudget IT platform has been instrumental in ensuring that systems can manage the business' growing client base.

May explains: "As we grow, the dynamics change and as we open up more satellite offices, it puts more pressure on our systems. Actually being on top of that technology and those systems has really made a difference."

People power has also played a role in the rise of Solar Shop Australia, the Adelaide-based national supplier of solar electricity systems that in the past five years has grown staff numbers from 10 to about 200.

"It's been a pretty wild journey," says Managing Director Adrian Ferraretto, who concedes that finding and training enough good staff can be a problem in such an expansionary business.

"But we've learned how to do that better. Now we test people to make sure we get the right sort of person in operations, in administration. We have matured from when I first started and just employed friends," he says with a laugh.

For the 2009 financial year, Solar Shop Australia's revenue of \$71.45 million represented a rise of 179 per cent on the year before. Market stimuli have included generous government rebates for solar panels and greater discussion of climate change issues as a result of a proposed emissions trading scheme.

Ferraretto says Solar Shop Australia's real coup, however, has been to bring solar power to a broader commercial market in Australia.

On an operational side, Ferraretto believes a focus on the best international solar solutions is paying dividends over some rivals who dabble in "a bit of solar, a bit of air-conditioning and a bit of energy".

### Delivering better service

From his Brisbane headquarters, Di Bella puts his finger on reasons why his upstart business has been able to thrive in a market that had long been dominated by long-lasting companies with a European coffee heritage.

The first is taste. Whereas most suppliers deliver espresso beans that are really meant to be drunk as a black coffee, Di Bella has developed a milk-based coffee that suits the Australian palate for lattes and flat whites.

The second is service. "[Rivals] all believe they are in a product business. I still say that I'm in the people business."

That means engaging with customers, providing exhaustive training on how to best use coffee beans and giving clients access to IT, marketing and HR skills.

The third is cost. Di Bella describes his pricing model as the best in the world "and I am happy to be arrogant on that".

Arguing that no clients like uncertainty, Di Bella has set up a trading agreement with coffee farmers that allows him to fix prices for a 12-month period. This is rare in a market that is known for its price fluctuations. In addition, his retail clients pay a sliding fee for products, with cheaper prices for those who have been with Di Bella the longest.

### WHAT IT TAKES

The *BRW* Fast 100 list is an annual snapshot of the fastest-growing small- and medium-sized public and private enterprises in Australia. Companies are ranked according to average annual revenue growth. They must have 200 or fewer full-time employees and, to be eligible for the 2009 list, have had a turnover of at least \$500,000 in 2005–06. All financial results are subjected to robust audits.

### Repelling the risks

In one way or another, all four businesses have taken risks or made some mistakes along the way.

Ferraretto bought Solar Shop Australia in 2002 from his fellow shareholders after he and his wife had just had their first child. They mortgaged the family home to buy the business.

"There's no better motivation for getting out of bed in the morning and making things work than having your home on the line like that," he says.

May also took out a mortgage on her home to fund MyBudget's new software platform after the business started to woo clients, but says her only regret is not investing sooner in better IT systems.

Despite his outwardly confident demeanour, Di Bella admits to taking a "really conservative approach" when funding expansion. He has a rule not to be in debt for more than 40 per cent of what he owns, whereas many, he says, apply an 80 per cent benchmark.

For Aussie Farmers Direct, understanding its customers' financial capacity has been the biggest learning curve. Lord admits early mistakes were made in not truly understanding the demographics and likely customer penetration of its rounds, particularly in the mortgage belt. While its prices were competitive with supermarkets, some families balked at signing up to regular orders on their debit or credit cards.

Lord describes the company's approach to market demographics today as a "science" that goes beyond research and can be attributed to the daily face-to-face interaction with customers.

### Staying ahead of the pack

Perhaps the real challenge for Aussie Farmers Direct, Solar Shop Australia, Di Bella Coffee and MyBudget is managing future growth and fighting off wannabes.

May believes being first to market is a major advantage for her business. While there are myriad budgeting software programs available, none offers such a personal service. Among many offerings, May's advisers shape budgets for clients, negotiate on their behalf with creditors and provide ongoing management of income and finances.

"We're very high touch with our clients. We're continually communicating with them," says May.

Solar Shop Australia's Ferraretto has plenty of competitors. What assures him most, perhaps, is that demand for solar power has barely scratched the surface, with just 0.7 per cent of Australian households having installed solar panels.

Lord is confident of further organic growth for Aussie Farmers Direct and believes an economic rebound will

encourage banks to offer more small-business financing and open the way for greater uptake of franchisees. He also expects more cashed-up markets to allow the business to offer a wider range of products and "be more adventurous".

"I think it will create some different opportunities for us," he says.

Regardless of market conditions, Di Bella has big plans. He is opening new retail roasting manufacturing plants in South Australia and Sydney later this year and has just struck a deal to open a coffee distribution office in Shanghai. The company is also developing a liquid coffee that can be distributed in bladders, cans and bottles to a broader commercial and retail market that Di Bella predicts will "demolish instant coffee".

As he explains, forward planning allows a business to ride out the peaks and troughs. "If we can shine in a time of economic downturn, imagine how much we can really shine when things are good." **bv**



\$64 million smile: Braeden Lord, the CEO of Aussie Farmers Direct.

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