

JUICE GURU

Janine Allis turned a thirst for ideas into a multi-million-dollar juice empire



The wizards of biz

Small business geniuses get the basics right, pay for good advice and don't compromise on staff.

Somewhere along the line Janine Allis' small business became big – very big. The founder of Boost Juice, Allis is the queen of a juice-bar phenomenon in Australia that has led her to open 150 stores since May 2000. Churning out juice and smoothie concoctions such as "breakie to gogo" and "wild berry skinny juice", the company's sales for 2005 are forecast to hit \$70m.

Boost Juice's rapid growth has effectively seen Allis run a series of emerging small businesses – from the one-woman operation she set up five years ago to the award-winning franchise model she oversees today.

"It's as if I've had four or five different businesses in one," says the 40-something dynamo. "I've had to do everything from painting the floor to doing the dishes, to typing up the million email addresses to put in the database, to dealing with staff and learning how to lead and manage and not be such a control freak. And then to continually evolve with the business."

Along the way, Allis has taken her chances – an approach she says is essential if small and medium enterprises are to prosper. "In business you need to take risks. We say here 'if you're not making mistakes you're not trying hard enough'."

Getting started

SMEs are the lifeblood of Australian business, even if not all of them are as successful as Boost Juice.

An industry snapshot from the Australian Bureau of Statistics in 2003 reveals there are more than 1.5 million small business operators in the country, with men (67%) dominating the scene. Fifty-eight per cent are aged between 30 and 50, and most of the others are 50-plus. Forty-one per cent work between 35 and 50 hours each week.

Despite all the how-to guides, there is no magic formula to starting a great SME (see page 6). Some of our greatest success stories have emerged overnight – think of the employment search site Seek and tourism drawcard BridgeClimb. Others have come back from the brink of disaster – think of Harris Farm Markets. Some have planned very well, and others have bumbled their way through. Sadly, many SMEs fail because of a lack of discipline, ability and, perhaps most importantly, cash flow.

There is a simple rule that Jeremy Bolt, a partner at Deloitte Growth Solutions, asks wannabe business owners to remember: "To start out always costs double what you think it's going to cost."

JULIAN KINGMA



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What's an SME?

According to the Australian Bureau of Statistics, there are four main categories of business:

Micro-enterprises, which employ fewer than five full-time staff, or the equivalent number of part-time workers.

Small businesses, which have between five and 19 full-time staff.

Medium businesses, consisting of companies employing 20 to 199 people.

Large businesses, with 200+ staff.

The first three categories make up the small and medium enterprise section.

Big-ticket items are usually obvious: wages and rent, for instance. Often, though, it is the unexpected expenses that creep up and strangle a business: cartridges for the printers, more software for the computer, licensing and insurance fees, accounting and advisory payments ... the list goes on.

Bolt says all costs must be factored in and that businesses should strive to be profitable from day one.

"Obviously you're not going to get the first dollar in on day one, but I don't believe people should have this view of making a loss in the first year and then making a profit later," he says. "It should be profitable growth right from the beginning."

The problem for many business owners, especially for micro-businesses with five or fewer people, is that they have to be a jack of all trades. They hire and fire, they do the budgets, they handle the marketing.

"Everything comes down to them, more or less," says Bolt, who warns that during the start-up phase, especially, an efficient supply chain is crucial.

"You might start with a couple of suppliers because you've heard of them or you know them or you found them in the Yellow Pages, and then find they're not the right suppliers or they're expensive and you can get things cheaper."

They key is to be realistic and honestly answer some elementary questions:

- Do you have sufficient experience in your chosen industry?
- Have you identified your target markets and potential rivals?
- If buying a business, have you checked its history and confirmed its trading figures?
- Is your preferred business name available and are you registered for relevant taxes such as GST and PAYG?

- Do you have business insurance, including public liability, vehicle, fire, burglary and professional indemnity?

If you have not even considered these questions and others, alarm bells should be ringing. At the very least, a trip to a business adviser is in order.

Pay for good advice

There are signs, thankfully, that SMEs are getting serious about seeking out sound advice.

Demand for business advisory services is catching up to the requirement for compliance services, according to a Macquarie University survey commissioned by CPA Australia, the nation's peak accounting body.

The study, *The Provision of Business Advisory Services by Public Accountants to SMEs*, indicates that as many as 97% of small and medium-sized businesses buy some form of accounting or advisory services from their public accountants. Of this group, 80% buy accounting services, 83% taxation services and 67% business advice.

CPA Australia's business policy adviser, Judy Hartcher, is heartened that businesses are increasingly prepared to spend money for solid advice.

"I guess there's been a long-held perception that accountants are mainly providing compliance advice," she says. "But our members keep telling us they're not – they're providing advisory services."

Hartcher agrees that many businesses fall over quickly because they are undercapitalised. "People just haven't considered all of the likely drains on their cash flow

Business Number]. So if a small business is dealing with a large organisation, by the time it gets information back [that] it has to provide more details, the payment goes to the next month's rounds."

Bolt says an outstanding payment of a few hundred dollars may not bring down a business, but waiting for thousands or hundreds of thousands can – and often does – kill an enterprise. "So having some sort of signed customer contract and talking to your financier up front is much better."

An elementary understanding of the business is the least requirement for any operator. Know whether you are profitable; understand what it costs to deliver goods and services; calculate your overheads.

The right staff

Running the Boost Juice empire is far removed from Janine Allis' days as a battling stewardess on rock star David Bowie's yacht.

Now a mother of three, Allis first got interested in the industry after becoming alarmed at the amount of fast food her family was eating. On a trip to the United States in 1998, she walked into a smoothie bar and had a taste. Her entrepreneurial instincts quickly kicked in.

With a new store opening each week, Allis revels in the success of Boost and the awards that come her way, among them the 2004 Telstra Australian Business Woman of the Year.

Along the way, she has learnt a few tricks. One of them is to be scrupulous in selecting the right people to run the Boost

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JEREMY BOLT DELOITTE GROWTH SOLUTIONS

in those early years. They may not have thought about insurances or add-on costs to employment. Things like that an accountant can easily go through with them, so they actually know what they're in for."

Debt collection is a perennial problem. CPA Australia advocates strategies such as building progress payments into a contract. Terms must be clearly communicated.

"If you've done a big, professional job, but then take 60, 80, 90 days to collect the money, you might not be able to operate in the meantime," says Hartcher, adding that many smaller businesses put themselves under pressure through poor invoicing.

"They may send invoices that are missing a tax-file number, or the ABN [Australian

franchises. She insists on getting on board people with the right attitude.

"Don't settle for just OK," she says. "We all think, 'I'm too busy to get someone else'. If you haven't got [someone who is fantastic] then don't put up with it."

Sometimes that means shedding valued staff members who simply cannot grow with the culture of the business.

"It's interesting. I remember someone saying to me that it will happen, but I thought 'No, that won't happen to me. They'll grow with me'. One girl had been with me from the very beginning and she just could not evolve out of the family-type business to a bigger business.

"She couldn't cope with it. It was sad."

Through good fortune or good management, Allis has surrounded herself with some of the country's best business brains, among them Geoff Harris, joint founding director of the global travel retailer Flight Centre, and her husband Jeff Allis, Austereo's group program director and a branding expert.

She says: "I've been spoilt rotten by being associated with and talking to some of the leading business people in Australia, and learning from them."

Allis encourages others to seek out mentors. "I actively seek out people I admire in the business world. And normally people who have done things before me. So it might

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JANINE ALLIS BOOST JUICE OWNER

be a successful publicly listed company that has done it recently and been successful like Fantastic [Holdings] ... People say it's great to have hindsight – well, you can. You've just got to find people that have already done it."

For all her success, Allis is starting to appreciate her limitations. Plans to open a line of salad bars, among other ventures, have been shelved for now.

"What we discovered was that we need to focus on what we do best. Like any entrepreneur, we didn't have anyone to rein us in, so we've gone back into consolidating and watching our own business and getting that right before we start taking giant leaps into other industries ... There's some things people can't tell you – you have to learn them [yourself]."

Operating in a sometimes fickle market, Allis acknowledges that the juice business, like others, will go through cycles. She takes heart from internal research revealing that Boost Juice has 94% brand awareness, and that the fast-juice model in the United States is still thriving after 14 years.

In the meantime, Allis is concentrating on her evolution as a not-so-small business leader. "Some days I do it well. Some days I don't. It's getting there. I've got a long way to go and the business has a long way to go. We've only just started." ●