GROWING UP IN BUSINESS

6 SMEs share their stories

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Introduction

Business owners are always looking for advice on starting, growing or developing their organisation, and this free *SmartCompany* eBook consults with six small business owners to learn about their rise to success. With an insight into their early days and the strategies that paid off, through to securing investment, maintaining positive cashflow and international expansion, business owners from diverse backgrounds and industries offer key advice on managing costs, organising staff, developing company culture, delegating work tasks and much more. And from each story we've noted five top tips to take away that we believe to be essential for moving your business forward.

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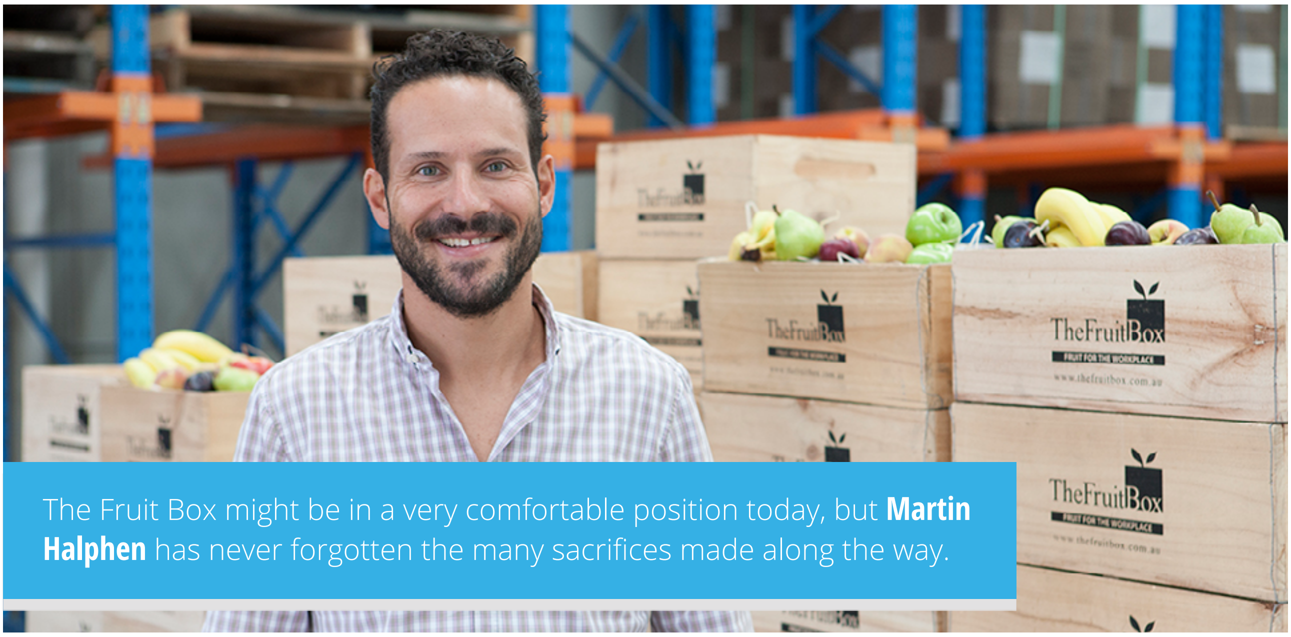


The Fruit Box might be in a very comfortable position today, but **Martin Halphen** has never forgotten the many sacrifices made along the way.

Today, The Fruit Box delivers to a who's who of Australia's blue chip corporations, but it's been a bumpy ride to the top that's seen the company navigate the GFC by learning to diversify.

It took Martin Halphen at least seven years to get his business, The Fruit Box, into a cashflow positive state. At one point, he and his wife sold the family home to ease the burden. But although things were tough, Halphen knew his business model was solid and that there was light at the end of the tunnel.

Jump ahead to 2014 and The Fruit Box is hugely successful, delivering fruit boxes to 8000 corporate customers at least once per week, and racking up an impressive 25,000 total deliveries nationally per week, buffered by its newest division, milk for the office fridge.

The Fruit Box might be in a very comfortable position today, but Halphen has never forgotten the early days.

"I was warned by my dad that it would take five-to-seven years to build the business properly," he says. "He said it wouldn't happen quickly and that I needed to be patient. It took exactly that amount of time, and it was really tough and really stressful. We were dependent on credit and, at one point, we went backwards. My wife and I sold our home, which gave us the breathing space to continue. Eventually we paid off our debt and after seven years we were in a cashflow positive position."

Those lessons have taught Halphen to take a conservative, or as he puts it, "non-aggressive" approach to business.

"Those seven years scarred me, I'm now scared of banks," he says. "We have a pretty simple approach these days. We invest in the business constantly, but we don't spend more than we make."

Halphen bought The Fruit Box business in 2000, after seeing an ad in a local paper. He was desperate to become his own boss. He'd spent three unhappy years as a commercial lawyer straight out of university.

"I just wasn't interested enough, it was a bit of a train wreck," he concedes of the experience. He then moved into an operations role at Visy Recycling where he was happier, and gained valuable insights into logistics that he says are still useful.

When he took over The Fruit Box, it was a suburban-based business, delivering fruit to homes in Melbourne's south-eastern suburbs. However, when a customer enquired about delivering fruit to her office, an idea was born, and the business quickly evolved to service the corporate market.

As a new business owner, Halphen was involved in every function. He recalls early mornings at the market buying produce, spending time on the phone talking to customers, overseeing payables and receivables, acting as a business development manager, and driving the truck on delivery runs.

"I knew I had to work out what the business' priorities were," he says. "Fruit in the workplace was a no-brainer. It was easy to sell, but hard to deliver. So we focused on operations and our business culture. Then came purchasing, and understanding the markets. That was a completely different culture to anything I was used to. My attitude to customer service and finance was that I'd do it until I could find someone else to replace me, and in time, that happened. And these days I'm much more involved in strategy, to take the business to the next level and give us a better chance to grow going forward."

The decision to expand into milk is a key part of The Fruit Box's growth strategy, but when the GFC hit, Halphen realised the business was vulnerable.

"Fruit is a discretionary spend in corporate Australia and we were reliant on it. We asked ourselves, 'What can we do to diversify?' and toyed with the idea of milk. Every company needs it, we know about delivering to corporates, and we had the database. So we did some research into how to deliver it, since it's not a product but a service, and now it accounts for one-third of our business."

Today's office workers are spoilt for choice, with everything from fruit to muesli to nuts and ready-made lunches available via a phone call or a click of the mouse. But The Fruit Box continues to build its brand awareness and focus on what it does best.

"Where there's competition, there's a business opportunity," says Halphen. "The main focus for us is to provide a competitive proposition. We don't take anything for granted, we're all about improving our customer initiatives. And we're not hell-bent on what others are doing. We like to run our own race."

It's fair to say Halphen has achieved his modest objective from those early days – to run a business that was cashflow positive – and in his own words: "We've experienced more success than we ever thought possible."

5 TOP TIPS FOR SMEs

1.Take a non-aggressive approach to business: invest in the business constantly, but don't spend more than you make.

2. Listen to your customer: The Fruit Box's delivery service was born from a customer enquiry about fruit being delivered to her office.

3. Stay on top of every area: remaining actively involved in every area of your business ensures you develop a strong idea of your priorities.

4. Be patient: it might take five to seven years to reach a cashflow positive position.

5.Provide a competitive proposition: as Halphen rightly states, "Where there's competition, there's a business opportunity."

Vision and opportunity came together when 30-year-old Sydneysider and web entrepreneur Alec Lynch started DesignCrowd from his mum's garage.

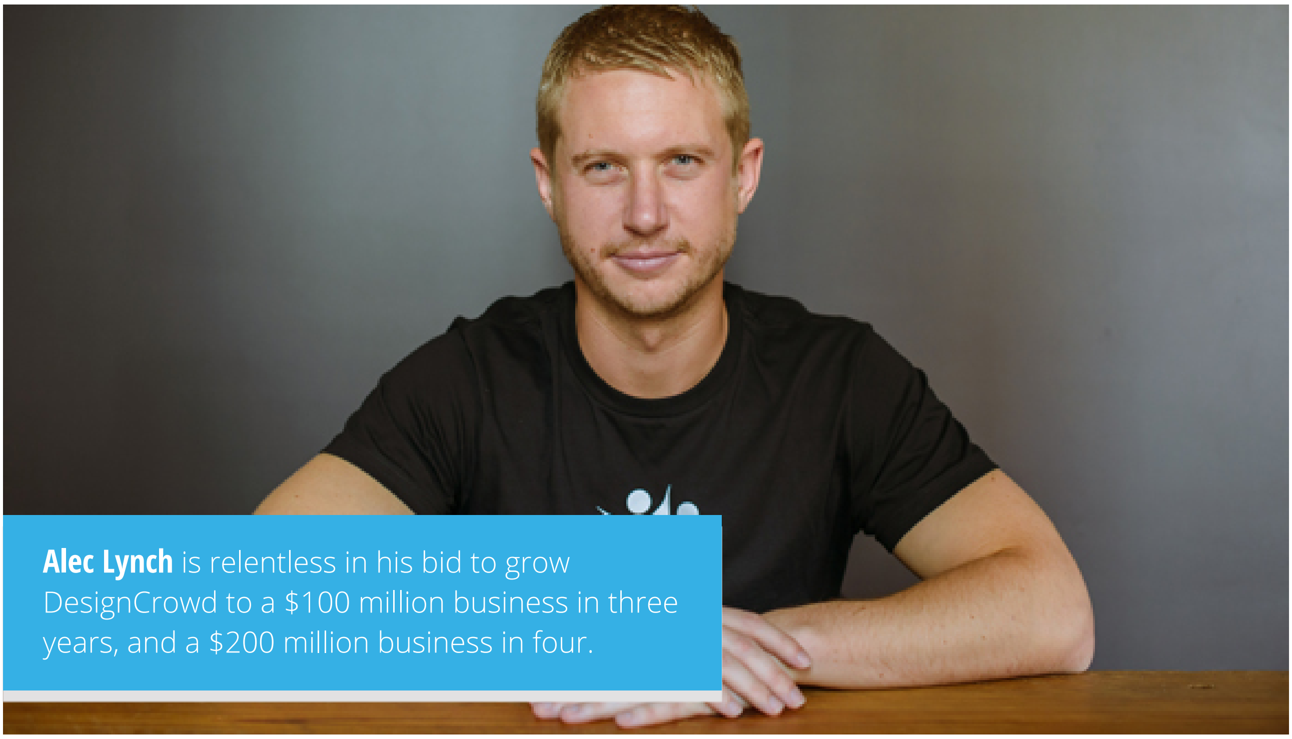
With $10,000 of his own money, three credit cards and lessons learnt from an earlier failed business venture, Alec Lynch dived headfirst into his second startup, DesignCrowd.

It was 2007, and the 23-year-old had moved back home with his mum in order to scrimp and save. Those early days were some of his most difficult, as he worked solo towards his goal of building a crowdsourcing design marketplace that connects businesses looking for graphic designers with a pool of design talent from all over the world.

Today, DesignCrowd boasts 400,000-plus designers in every corner of the globe, from Australia to Singapore to Pakistan, India, the United States, the United Kingdom, Portugal, Croatia, Russia and beyond.

Businesses post a project brief and their budget to the site, and interested designers respond with creative solutions. Often, the first designs come through within a few hours and the process is significantly cheaper than using a design agency. The business can feedback or message the designer directly for edits, after which they choose a winning design and download the files. It's an attractive formula, with the site processing upwards of $10 million worth of projects since it began.

In 2014, DesignCrowd has a run rate revenue of $15 million per annum, and Lynch has ambitious growth plans to suit.



Alec Lynch is relentless in his bid to grow DesignCrowd to a $100 million business in three years, and a $200 million business in four.

"Our plan from day one was to build a large, fast-growing marketplace," he says. "In three years' time, we want to be a $100 million business, and in four years' time, $200 million.

"We've grown from three staff to 30, and now we want that team to turn into 100. And we want to go from 400,000 designers to 1 million."

Lynch says this with absolute seriousness and determination. And there's no doubt he'll get there. When his first venture into online customer relationship management software failed, he followed the corporate path into strategy, working for management consulting firm Booz & Company. It was there that he first identified the opportunity to be a disruptor in the traditional design industry, and the idea for DesignCrowd was born.

"There were two very different challenges in the design industry. For businesses, it was expensive to get any kind of design work done, turnaround times were slow, and there was a lot of risk and uncertainty around the creative process," he says. "For designers, you needed a portfolio to get a job, but to get a portfolio you needed a job. And if you look at the numbers, there are 20,000 people employed in design studios, and 60,000 people graduating without employment."

The unveiling of the London Olympics logo reinforced everything Lynch was thinking.

"It cost £400,000 and took a year to make. It was widely criticised, and I honestly thought, I've got friends who could have done a better job."

The time was right to launch DesignCrowd, so Lynch quit his job, took the plunge and worked day and night to build the business for the first two years. He had learnt the importance of capital from his earlier CRM foray: "Our first client didn't pay and it wasn't possible to keep working without making sales and earning a wage."

So in 2009, he went in search of angel investors for DesignCrowd, eventually securing $300,000. That enabled Lynch to bring on his partner from the CRM business, Adam Arbolino. Together, the pair grew DesignCrowd "13 or 14-fold" in two years.

In 2011, DesignCrowd started to garner global attention. "Australia was still our biggest source of sales, but we were starting to identify growth and opportunity in places like the US," recalls Lynch.

In October that year, a $3 million investment from Melbourne-based Starfish Ventures "super-charged" the business and staff numbers eventually shot up from three to today's 30.

DesignCrowd now generate 40% of their total revenue from the United States, and have only recently hired two staff members to maintain a presence on the ground.

"It's been hard work to grow internationally, and remotely, but it is possible," says Lynch.

Curiously, DesignCrowd's expansion into the UK hasn't been as successful.

"In theory, the UK market should be bigger than Australia but we haven't been able to replicate our success," he says. "And in India, we've attracted a huge number of designers, but we've not been as successful getting small businesses to use the service. They like to pay cash on delivery, not use their credit card online."

Closer to home, Lynch says that Aussie designers are "punching above their weight when it comes to talent and ideas", and small businesses are certainly reaping the rewards, comprising 70 to 80% of DesignCrowd's userbase.

As for Lynch himself, he continues to heed the words of mentor Garry Visontay, DesignCrowd's chairman and lead angel investor.

"The best advice Garry ever gave me was to ask myself every morning when I woke up: 'How am I going to grow the business today?' He's been an invaluable resource on our board for close to five years, and he's taught me to have laser focus and to always, always have a plan."

5 TOP TIPS FOR SMEs

1. Find your market: if you want your business to survive, you need to find exactly where you'll sit.

2. Identify industry challenges and profit: DesignCrowd was born after Lynch recognised two key issues – designers were trying to expand their portfolio for employment, while businesses found it very expensive to get design work done.

3. Be brave and grow your business: as DesignCrowd slowly garnered global attention, Lynch seized the opportunity to grow internationally. The company now generates 40% of its total revenue from the US.

4. Always have a plan: this may seem obvious, but laser focus ensures you have a long-term plan and are constantly thinking about the market in which you operate. But don't plan exhaustively or needlessly, as you could be doing more harm than good.

5. Learn from your mistakes: when tested under fire you'll pick up on your strengths and weaknesses. All you can do is learn from where you went wrong and never make the same mistake twice.

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When *Broadsheet* founder **Nick Shelton** returned to Melbourne from London in 2008, he realised the city was crying out for a definitive cultural guide and so he set about filling the void.

Online media company Broadsheet launched with a passion for unearthing the best places for entertainment and five years later it is going strong.

When *Broadsheet* founder Nick Shelton returned to Melbourne from London in 2008, he realised something was brewing – and it wasn't just single origin pour-over coffee. The city was undergoing a cultural boom, firmly centred around where people liked to eat and drink.

"It's all people wanted to talk about – what cafe they were going to, where they had dinner last night, what they were doing on the weekend," he recalls.

Shelton had already come up with the idea for the online media company in London, where he struggled to find a definitive guide to "living like a local".

"I didn't want to just be another Aussie living in London. I wanted to know where to go to get a good cup of coffee, what good restaurants to check out, or where to take a date.

There were things like *TimeOut* magazine, but it didn't really give me what I wanted as a young 20-something guy. And I particularly wanted to find the information online."

The opportunity to fill this gap in his hometown proved irresistible, and in 2009 the publication *Broadsheet* was born.

"I set the site live with about 150 profiles of restaurants and bars. The idea was that it was always a directory and an editorial site, so you could enter criteria like a suburb and whether you're looking for a cafe, restaurant or bar, whether you'd like to sit inside or outside, and it would provide results. We've got about 5000 venues on there now," he says.

Shelton very quickly figured out that he wasn't cut out for writing, editing, photography, design or sales.

"I'm not great at the core functions," he concedes. Instead, he's learnt to surround himself with talented people, and he supports them to do their very best work.

"I'm the person who sets the vision and my job is about finding the best people I possibly can to do those things," he says.

It's this humble approach that has made *Broadsheet* so successful. The business has grown from a full-time staff of one to 15. The site's editors set the tone and direction for the site, and a freelance base of approximately 100 contributors help supply content.

"In the early days the team had to do lots and lots of different little jobs. As we've grown we've been able to take on more people and the departments have become more formalised, for example, we now have senior editors and junior editors," explains Shelton.

"It's really important that everyone can do a lot of different jobs, because we still have that mentality, but people are more specified in their roles which means I am confident the team know what they're doing and I'm free to manage and run the business. I work 'on' the business, rather than 'in' the business."

Of course, *Broadsheet's* growth hasn't been without its challenges.

"There's no playbook for a business like *Broadsheet*. There's no 'this is how you run a startup online magazine in Australia' guide. It just doesn't exist here or anywhere in the world," says Shelton. "A lot of it has been about working that out, from day one, facing each challenge as it comes and saying, 'how can we address this?' and 'how do we make it work for us?'"

One of business' biggest challenges, then and now, is to grow a national audience. To help with this, Shelton launched *Broadsheet* in Sydney in late 2011.

"In media you need a national footprint, and we knew we'd never have that without a Sydney-based publication – it's been a really important part of our growth," he says. "Even though the publications are based in Melbourne and Sydney, we now have regular traffic and visitation from places like Perth, Brisbane and Adelaide."

Broadsheet has a satellite office in Sydney with two editors on the ground.

"It was really important to us that the Sydney publication was a Sydney publication in its own right – it wasn't Melbourne people trying to interpret what Sydney's doing. *Broadsheet* is really about understanding a city and it had to be authentic if we were going to do it," he recalls.

The site's authenticity has clearly resonated with the Australian public. It now boasts 600,000 unique monthly readers, and Shelton's blind faith in the product has been rewarded. He says there's never been a day when he doubted it would work, although it was a huge risk when he put up his own money to get the business started.

Like all small businesses cashflow has been a challenge, but Shelton says it got into a positive position in the early days.

"Cashflow is all about cost discipline. In the early days it was about making sacrifices, for example, I didn't pay myself a wage. There's always the temptation to spend money, but I was really disciplined with my costs. You have good months and you have bad months, but for me, getting cashflow positive was always a really big goal."

In spite of – or perhaps because of – this success, Shelton's number-one priority remains the reader.

"We want to be known as Australia's best digital publisher, but we're nothing without our audience. Every day, I ask myself: 'Is the audience being catered to? Are we creating content they want to engage with? When they come to *Broadsheet*, are we giving them something they want?' For me, that's number one. You've got to take care of your audience."

The typical Broadsheet reader

"Our reader is active. They want to get the most out of the city they live in. Typically they're 25 to 35 years old, affluent and educated. But more interestingly, they eat out nine times a week, and two of these meals are in a restaurant for dinner. They get out, they get involved and they're in cafes almost every day."

5 TOP TIPS FOR SMEs

1.Cater to your audience: stay on the pulse and ask yourself every day if you are giving them something they want to engage with. This way you can become a trusted, reliable source and they'll keep coming back for more.

2. Hire people smarter than you: business owners freely admit that their company's success is equally due to the team around them. Don't worry about being out-shined by your subordinate. Surround yourself with talent and watch your business boom.

3. Stay authentic and compelling: audiences can pick up on whether they're receiving an authentic and engaging product or content. By remaining genuine in your company brand and message, audiences will respond with equal passion and enthusiasm.

4. Spend wisely: cashflow is all about cost discipline. As the owner in the early days you may feel the pinch and occasionally not pay yourself a wage, but staying disciplined with costs will set you up for success in the long run.

5. Encourage staff to become all-rounders: even as jobs become more defined in your company, each staff member can feel confident that they have a thorough understanding of other areas outside their own role.

Gary Coonar understands the importance of flexibility more than most when it comes to keeping a business afloat.

The ability to adapt has been key to the success of Melbourne City Institute of Education (MCIE), which fought back from the brink after a change in government legislation.

In 2008, Gary Coonar had an idea to establish a new private education college in Melbourne. He'd spent time looking at other providers' facilities, and was convinced he could do it better. The only thing he lacked was the capital to make it happen.

A chance conversation with a friend resulted in Coonar being introduced to his future (and now former) business partner. It turned out they'd both had the same idea, and his partner, while flush with capital, lacked the skillset and know-how to pull it off.

Together, the two combined forces and Melbourne City Institute of Education (MCIE) was born. The school was an immediate hit with international students, who were drawn to the industry-recognised hospitality courses. Coonar left his job in telecoms and was working at the school full-time, until disaster struck.

"In late 2009, the government changed the rules around student visas," he says. "It was a very hard time, a lot of private providers shut their doors, and it really put a lot of pressure on us."

Almost overnight, MCIE's influx of foreign students stopped and the business had to reassess its offering.

"We had to adapt and change in line with the government policy. We added new courses that were in demand among domestic students, starting with business courses that enabled people to upskill," he says.

That was a new area for MCIE, and a lot of groundwork was required.

"Business training was a hard market to break into," he says. "It involved long hours and long drives – we sent trainers out to workplaces, instead of them coming to us. The furthest we went was probably Orange, in NSW. Some days, I drove the trainer myself! It didn't make us any money, but it did give us an appreciation of the domestic market, and what people wanted."

With the business' finances under extreme pressure, Coonar decided to return to work, in an IT role. He'd spend his day in an office, and then head to MCIE of an evening or weekend, staying until midnight some days to finish his tasks.

"We had salaries and wages to pay to our academic staff. I earned a wage, so we could pay them," recalls Coonar.

There was one shining light through these times though, and that was the college's director of training and delivery, Rajiv Gulshan.

"Rajiv has been an absolute pillar for our organisation," Coonar says. "I often refer to him as the 'father of MCIE'. He has a high standing in the culinary world, he's worked in five-star hotels all over the world, and he ran his own hotel-school in Mauritius."

Despite these credentials, Gulshan had applied for around 600 jobs before he landed the role at MCIE.

"He sums up everything we stand for," says Coonar. "We're very much about giving an opportunity to immigrants and people from overseas. Rajiv has played a big part in the way we're set up and run. He's the best thing that's ever happened to the college."

Coonar's partner exited the business in late 2012. He says the partnership worked well for two to three years, and they got to the point where they were generating positive cashflow. But Coonar was keen to reinvest in the business, and his partner wanted out. As he puts it, "we shared different visions". By January 2013 Coonar had bought out his partner and was the sole owner of the college.

Today, MCIE relies heavily on government funding rather than student fees. Coonar estimates that funding accounts for up to 58% of their business.

"That was one lesson we learnt from the start, when the international students stopped coming – to not have all your eggs in one basket. Sometimes there's no avoiding that, but we've worked hard in the last five years to diversify the funding sources for our courses and the people we target," he says.

MCIE currently has around 1200 students, 1100 of which are domestic. The school is popular with students from Asia, but they make up a much smaller percentage of enrolments compared to those early days. MCIE is based in Melbourne's CBD, and boasts several off-campus locations such as their commercial kitchen (for hospitality students) in North Melbourne. They continue to send trainers out into workplaces, too, and run courses in and around Melbourne's suburbs.

MCIE continues to grow, but Coonar says it's been a "managed, sustainable and steady growth".

"We've pretty much been doubling every year, for the past three or four years. From a financial perspective, we started with a $500,000 turnover, then went to $1 million, then to $1.8 million, and this year we're looking at close to $4 million."

Coonar credits the school's success and popularity to his staff and trainers.

"It's all about hiring the right people, and not micromanaging them," he says. "You have to empower your staff to make decisions, and let them make mistakes, so long as they learn from it. We like to put leaders – not managers – in supervisory roles. Plus we put a lot of focus on our people, and how we can develop them. I think the students see this, and it rubs off on them, too."

5 TOP TIPS FOR SMEs

1.Collaborate: SMOs are known for being over-worked and over-scheduled, which can make it difficult to find time to network with fellow small business owners. But those who make collaboration a priority will reap the rewards. Utilise social media to connect, pool your resources with other owners and even cross-promote for mutual benefit.

2. Be adaptable: there's nothing worse than becoming stagnant or inflexible. Not everything will go your way, so prepare to change your mind and change direction to keep up with trends and avoid stunting growth.

3. Hire the 'right' people: the only way to build a unified company culture is to be selective about who you make part of your team. Someone with a negative or lazy attitude will bring nothing to the workplace chemistry. Look for people who represent your work ethic and company brand.

4. Avoid micromanagement: staff members flourish with solid training and the space to take charge of their responsibilities and tasks. Allowing your staff to make mistakes and correct them creates leaders and confident employees.

5. Consider back-up income: with the business's finances under extreme pressure, Coonar decided to return to work in an IT role. He'd spend his day in an office and then head to MCIE during the evenings or weekends, staying until midnight to finish his tasks.

When husband-and-wife team Jacky Magid and Ken Mahlab bought a biscuit business out of administration, they learned that baking was the easy part.

During their first week, every new employee at family-owned and run business Charlie's Cookies has to spend a day working in the bakery. So whether you're the cleaner, the receptionist, or part of the sales team, you've got to get among the flour, butter and sugar.

"It's really important that everyone understands how the product is made, and the care and passion that goes into making our cookies," says Jacky Magid, one half of the dynamic husband-and-wife duo behind Charlie's Cookies.

Her husband, Ken Mahlab, bought the business out of administration in 2004. The story goes that Magid was at home, breastfeeding the couple's first child, when Mahlab walked into the room and announced his purchase. Despite her reservations, she was immediately supportive of his decision and the process of rebuilding the business, transforming it from Uncle Charlie's Cookies to Charlie's Cookies.

It's been one hell of a ride ever since, Magid says, but with the Melbourne-based business's annual turnover now approaching $5 million, it's definitely been worthwhile.

For the first three years following the purchase, Magid largely played a support role from home. An accomplished lawyer, she was still working part-time as a commercial litigator at Arnold Bloch Leibler and was caring for their infant daughter.

Jacky Magid is one half of the dynamic husband-and-wife duo behind Charlie's Cookies, alongside husband Ken Mahlab.

Mahlab had to negotiate the minefield of buying a bankrupt business on his own, which Magid recalls was a huge challenge and really put his business nous and commitment to the test.

"Buying a bankrupt business sees all sorts of problems, a lot of which you don't really understand until you're behind the steering wheel. Cashflow was an issue, and Ken had to really dig deep to understand why the business had failed in the first place," she says.

"At the same time, he had to rebuild relationships with suppliers who didn't want to deal with us, because they hadn't been paid properly, and then you've got customers you have to approach and tell them the former owner was selling his product too cheaply and prices are going up. All those difficult things were Ken's to manage."

In 2007, having had a second child, Magid joined the business full time. She recalls that the couple hadn't really thought about how they were going to work together, and some valuable lessons ensued.

"The first year was really challenging and I think we could have done it a lot better. But the lessons we learnt have set us up for the business we are today. We had to find ways to work together and get clarity around our respective roles. Now that we have 25 staff, we have a really good HR system, there's a clear organisational chart and we've got position descriptions for everyone, from the cleaner to the managing director. Everyone understands their role and their purpose," she says.

The couple weren't afraid to ask for help, either. When their roles started to overlap and they realised their staff were confused about who to talk to about certain issues, they hired business coach George Moraitis.

"He was absolutely fantastic," she says. "The first thing he did was sit us down and do a personality profile. He said it's perfectly fine to both see ourselves as business owners, but we had to work out where our skillsets are, and who should be doing what. It came out very clearly that Ken was going to be the operations and finance managing director, and I was going to be head of sales and marketing. Once we had clarity there, it was kind of like, I'll support you in your role, you support me in mine, but that's my territory and this is yours. I think the staff felt a lot better about it, too."

The business has continued to go from strength to strength. In a saturated market, Charlie's Cookies has an outstanding reputation in the food services industry and has won awards for both its products and the way they are packaged and marketed.

The company has experienced phenomenal growth too, as much as 300% in the past four years.

"In the first quarter of 2012, we turned over as much as we did in the first year, when we bought the business," she says. "And that's about where we're at now, again, in 2014."

They've also upgraded their facilities, moving into a custom-built factory in the south-eastern suburb of East Bentleigh in Melbourne.

"It was a huge part of growing up for us. When we bought the business it was operating from a dirty manufacturing facility in a backstreet of Highett. It was always a dream for Ken and I to get to a size where we could both need and afford to relocate, and to put our staff and our business into a custom-built facility that will take us into the future."

As for the future, one thing's for sure: it will involve cookies.

"I'm so over the large cookie, it's had its day," she laughs. "Our most recent launch into retail, the Mini Moments range, is one of my creations and I'm so proud of it. It was inspired by the macaroon trend, and all the different flavours. They're so easy to just pop in your mouth and I eat two, three, four, okay, maybe five a day. I'm quite partial to them!"

5 TOP TIPS FOR SMEs

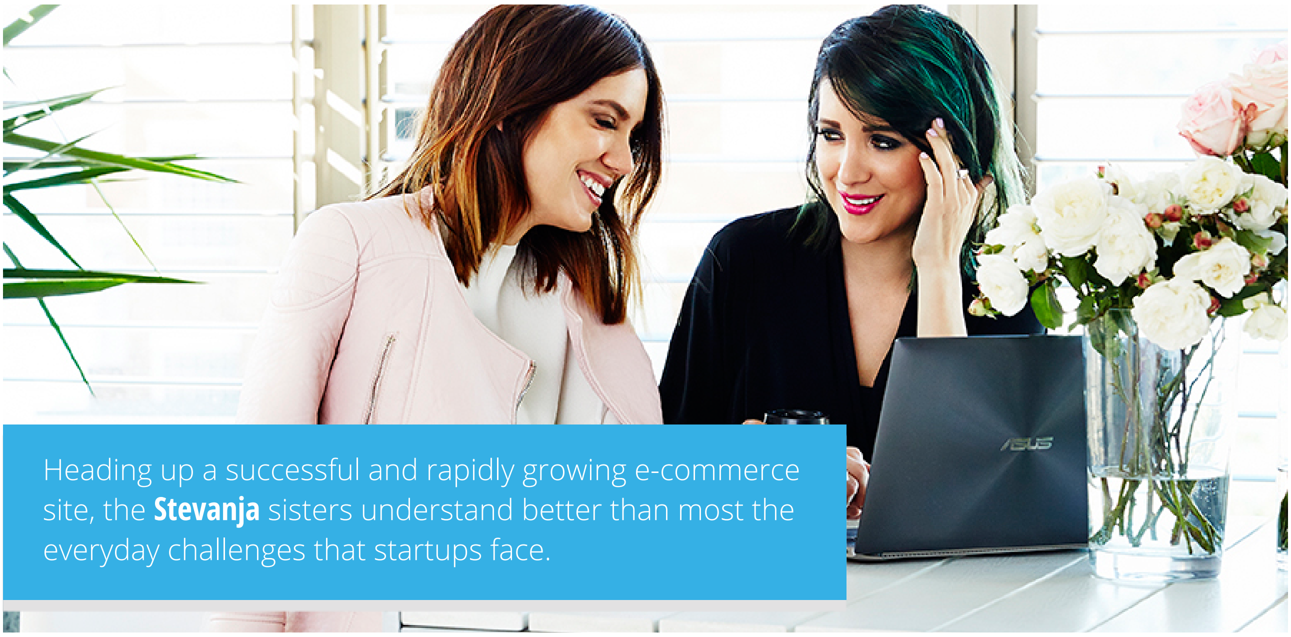
1. Keep an eye on the basics: as your business expands, you may lose perspective on what’s important. Whether you’re the cleaner, the receptionist, or part of the marketing team, you’ve got to remain engaged and connected with the tasks you typically hand over to your subordinates.

2. Buying a bankrupt business: negotiating the minefield of buying a bankrupt business brings all sorts of problems with it, whether it’s dealing with cashflow or negotiating with creditors, but this can be dealt with by analysing why the business failed in the first place.

3. Stay inspired: remembering to stay on trend and in touch with what audiences want can lead to innovative ideas.

4. Co-owners must avoid stepping on each other’s toes: clearly defining each business owner’s role, working out individual skillsets and who should be doing what creates a sense of assurance. “Once we had clarity there,” Magid says, “it was kind of like, I’ll support you in your role, you support me in mine, but that’s my territory and this is yours. I think the staff felt a lot better about it, too.”

5. Don’t be afraid to ask for help: when their roles started to overlap the couple immediately hired a business coach to great success.



Heading up a successful and rapidly growing e-commerce site, the **Stevanja** sisters understand better than most the everyday challenges that startups face.

Twin sisters Julie and Sali Stevanja have changed the way fitness junkies can buy the latest sporting apparel with their hugely successful e-commerce site.

Fake it until you make it, or so the saying goes. When Julie and Sali Stevanja launched Stylerunner, their now hugely successful e-commerce site in October 2012, it certainly rang true.

After just three months spent building the website, the twin sisters and their junior staff member hit the 'go live' button from a 65sqm office in Sydney's Potts Point. Julie recalls the office was sparsely furnished, with just a kitchen table and a sofa. Sali says it was "small but luxe" and set the tone for what was to come.

"We've always had the attitude that if you act 'as if' [it is happening], you're already well on your way to where you want to be. From the very beginning, we acted as if we had a running, functioning, profitable site, so having a beautiful space was just the beginning of the amazing things to come," she says.

As entrepreneurial as the sisters are, even they couldn't have guessed where their Stylerunner journey would lead. The site – and its carefully curated collection that brings together high end stand-out apparel pieces and activewear staples – was an instant hit with fashion-conscious fitness enthusiasts around Australia, and capitalised on the sports luxe trend, seen on every runway from Paris to London, New York and Milan.

In Stylerunner's first year of operation, they secured online distribution rights to some of the world's leading activewear brands including Nike and Adidas by Stella McCartney, and continue to win exclusive offerings.

Julie says they've been able to capitalise on these opportunities by doing the small things differently.

"We started to serve the category in a way that had never been done before and it quickly got noticed. The high-fashion photography, handwritten notes, branded boxes and rapidly growing social media community were all in perfect alignment for premium active labels," she says.

Sali agrees, but traces their success to even earlier days.

"Before we even had a site, we created a presentation of what the site would be. We painted a picture of the brands we wanted, the service we would offer and how the site would be different to anything else. We now have the ability to profile our brands to a large audience, one that might be different to the audience these brands already have. We work hard on developing personal relationships and, as a result, we recently executed a mass activation with Adidas around City2Surf, and we're about to kick off a mentoring program with Nike HQ in Melbourne."

In the media, Stylerunner has been pitted against retail stalwart David Jones, and has been labelled as 'the one to watch' by *The Australian's* luxury insert, *Wish Magazine*.

"It was proof that we were onto something that was attracting the attention of consumers, media and established businesses alike," she says.

Of course their success, and an annual turnover that's rumoured to be close to the $2 million mark, hasn't come easily. Before Stylerunner, Sali was working as a recruitment manager and Julie, who has a management degree, worked in digital marketing for a tech startup in London.

Julie says the concept for Stylerunner was a joint idea. They began to look at high-level industry trends via research reports online, and examined the performance of companies such as Lululemon, Under Armour and Nike.

"We also went to conferences like Online Retailer to learn all we could about setting up an e-commerce site, logistics, shipping partners and so on," recalls Julie.

"And we read a lot of books, like *What Got You Here Won't Get You There*, *E-Myth* and *9 Laws of Attracting Profits* to name a few," says Sali. "Plus we connected with a lot of leaders in the e-commerce/digital space."

The sisters were in the fortunate position of being able to back the venture with their own funds, and to this day Sali says they're entirely self-funded with no bank loans.

"I always tell people that it wouldn't have stopped us if we didn't [have the funds]," says Julie. "If you have a great idea and can demonstrate the potential and address the risk, there is no shortage of capital."

With their own money on the line, they set general budgets but exercised flexibility.

"We knew what we wanted to create so if we needed to spend more at times, we did. As cofounders, it is imperative to know what we're making but more importantly, where we can save," says Sali. "Sometimes the best way is not always the most expensive option, so my role in particular includes researching and consolidating competitive pricing for all outgoings in the business.

"As a startup, every day is a challenge when it comes to budget. You're completely out of your comfort zone and security net, and just have to accept the risk and everything that comes with it," she continues. "Once you have dedicated your time and energy into making it work, you find a way to rise above the fear and the dollar signs and focus your energy into how you can achieve results."

Julie likens their experience in launching and running Stylerunner to undertaking a fast-track MBA.

"We knew things would eventually pay off and work out, so we made a lot of decisions from the gut in the beginning and just crossed our fingers! Now we look at cashflow forecasts, open to buys and financial models on a weekly basis," she says.

Having just launched StylerunnerMan, an activewear site targeted to men, the sisters have bold plans for the future.

"We've already carved a strong international presence and we are working towards a distribution centre in the US. Of course, continual development for the best user experience is always of utmost importance," says Julie. "We also work really hard to foster a creative, inspiring and rewarding company culture, and in the future, we hope to be recognised as one of the best companies to work for in the world."

Stylerunner's small team, which has grown from just one employee to 15 in less than two years, would probably already vouch for that. Julie says the power of a positive culture has been their single most important business lesson thus far.

"We have put an enormous effort into fostering a culture of positivity, success and celebration at Stylerunner HQ. Monday morning's all-in 'locker room' sessions are spent upskilling the team, sharing gratitude and setting positive intentions for the week ahead. Friday afternoon's all-in 'kudos hour' is spent reviewing and celebrating the team's achievements, where a peer voting system results in a weekly, monthly and yearly prize. These acts have resulted in a team who truly loves to be part of the Stylerunner family, but also work towards one shared goal. Positivity makes the world of difference — we see it every day," she says.

With a fresh business outlook, motivated employees and a captive audience that can't get enough of the brand, the girls are certainly making it.

Family ties

"It's true what they say: 'Entrepreneurship is living a few years of your life like most people won't, so that you can spend the rest of your life like most people can't.' I always knew that, but I don't think I ever really understood it! The first two years of business takes over your life and that's the reality. Now that we have a great, growing team, we're able to implement more of a work-life balance."

5 TOP TIPS FOR SMEs

1.Do the small things differently: the sisters differentiated themselves by thinking outside the box with an e-commerce site that featured high-fashion photography, handwritten notes and branded boxes, which were all in perfect alignment for premium active labels.

2. Create a strong company work culture: nurturing a rewarding and inspiring company culture keeps everyone motivated and returning to work with a grin on their face. What could be more important?

3. Do your research: the Stevanja sisters began by looking at high-level industry trends via research reports online and analysing their competitors' performance.

4. Remember your original vision: not only will your original plan determine your company's objectives, it will also remind you of your long-term vision. "Before we even had a site, we created a presentation of what the site would be. We painted a picture of the brands we wanted, the service we would offer and how the site would be different to anything else," says Sali.

5. Take the leap: sometimes you might need to follow your gut when it comes to the tough decisions. Whether you've already got your business going or you are preparing your website to go live for the first time, there's only so much preparation you can do. Take note of the sisters who hit the 'go live' button after only three months.