

Business Network

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Chim meets a bulge in demand

A new mother set up a business to meet a gap in the maternity wear market, writes **Janine Perrett**.

WHEN most new mothers are kept awake at night by a crying baby, they simply get frustrated. Sharon Chim spent the time devising a small business opportunity.

Based on personal experience, she felt there was a gap in the market for stylish, modern and affordable maternity wear.

Others felt the same way because in less than a year her Queen Bee Maternity wear is a viable online business and moving into wholesale distribution as well as manufacturing its own clothing line.

She is battling to keep up with its growth. "I am very ready to step outside the business and make it grow," she explains.

"I do plan to have systems in place which will free up my time from overseeing the administration side to purely focus on the managing side."

Her challenges have grown from the usual issues of working from home and hiring staff to help with the packing to the more complex questions of tax planning and foreign currency accounts.

The ambitious 33-year-old ran her first business when she took a part share in a cafe while studying arts at university. After 12 years she decided "food was too hard" and did a post-grad in accounting, which has proved invaluable in business.

After the birth of her son in December 2004 she spent the next few months preparing her Queen Bee business concept.

As well as offering specialist clothing for breast-feeding mothers, she negotiated with the huge Gap chain in the US to offer their maternity range exclusively to online customers in Australia.

"I wanted to have here what no one else has and I think that's the only way to go in this market," Chim says.

"I did some research and knew I wanted an online business so I didn't have to put up much capital. All I did was get a credit card and I've never looked back."

Her sales average about \$16,000 a month with 4000 unique visitors so she is keen to improve the number of hits.

"I need to learn more about



Sharon Chim's abuzz at the possibilities.

PICTURE: BRENDAN ESPRISO

click-throughs to get a sale as I'm concerned at the conversion rate and that I'm not maximising the sales."

As far as other marketing efforts, she has printed brochures ready for direct mailing and is considering buying a marketing list. She is also looking at producing a computer disc rather than a catalogue.

Originally her marketing focused on internet search engines as she did not have the capital for traditional advertising. However she has just done her first advertisements in women's magazines including *Cosmo Pregnancy* and *BUMP* and also managed to get crucial editorial coverage as well.

Chim works from her home on Sydney's lower north shore where until recently she did all her own packing. With the impending magazine coverage she has hired two part-time students and admits it is a "relief".

She has begun to absorb the

costs of postage and handling. "I started offering free delivery five months ago and things really took off after that," Chim says.

She is now negotiating with courier companies to offer free next day delivery Australia-wide as Australia Post can take up to a week to deliver to Western Australia and the Northern Territory.

"We get a lot of repeat sales by providing fast turnaround as women love to get their packages promptly."

She offers incentives such as a 10 per cent discount for the next order.

Her next major move is designing her own range under the Queen Bee label. She has set up with a Hong Kong designer and they have organised manufacturing in China.

Central stores with maternity T-shirts and she is in discussions with three other companies for exclusive distributorship in Australia.

This line provides new challenges. "Even though I have priced the products to take into account the currency fluctuations there is definitely the need for me to manage a foreign currency account in order to take advantage of the extra profit margins available," says Chim.

She believes both moves, into wholesaling and designing her own label, will provide economies of scale — except in work space.

Until now she has preferred to work at home to be close to her baby son, but she recognises she will have to consider expanding to an office-warehouse-showroom.

"Then I wonder should I pay rent if I can afford to buy it? And how do I get the equity if I've been scared about borrowing?" Sharon believes the answer is to

CHALLENGES FOR QUEEN BEE MATERNITY

- Managing the growth and new business areas

- Expanding premises

- Increasing online sales

find an equity partner who would not only provide capital injection but also much-needed advice.

While she says her "accounts look very healthy" she is keen to investigate tax planning as the end of the financial year approaches.

"I reconcile my accounts weekly and have managed to diligently stay within my budgets and I do monitor my ratios and profitability constantly."

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Company boss bogged down in work issue

JANINE PERRETT



IF FAILING to replace an empty toilet paper roll is grounds for dismissal, many husbands would have cause for concern.

That was the thought that probably occurred to many when they read the comments of one boss caught in a workplace law dispute.

Andrew Tuft, of ICP Electronics Australia, was the subject of media scrutiny for downgrading 21-year-old computer repairer Julian McAlpine from permanent full-time to casual, without appropriate compensation.

What distinguished this case from others was buried at the bottom of the story, in comments from Mr Tuft.

"There are some quality control issues and complacency issues," Mr Tuft was quoted as saying. "There are people who — and he (Mr McAlpine) is one of them — will go and use the loo and instead of putting the cardboard roll in the bin and replacing it, will chuck it on the floor."

"They will balance stuff on the garbage bin, rather than empty it."

There are many people who can sympathise with Mr Tuft's frustration, but whether it, and his own workplace rule "FIFO" (first in or first out), are reasons for sacking are other issues.

With the High Court challenge to the Federal Government's workplace changes now under way, it is timely to give employers a few tips from Hicksons Lawyers partner Rod Cameron.

Companies should expect that, over time, individual employees will be more active in negotiating, even appointing, bargaining agents.

- Establish workplace agreements. Companies wishing to deal with employees individually should use an Australian Workplace Agreement. Those wishing to deal with one or more groups of employees should use an Employee Collective Agreement (non-union) or Union Collective Agreement. Companies establishing new businesses could also use an Employer or Union Greenfields Agreement.

- Employers have to make sure there is no "prohibited content" in their agreements. This includes things such as compelling union involvement in negotiations, locking out unions from negotiations, restrictions on use of independent contractors and providing a remedy for unfair dismissal or for union right of entry.

- Companies should expect that, over time, individual employees will be more active in negotiating, even appointing, bargaining agents.

- When sacking a worker, companies should still be aware of unfair dismissal laws. While the risk of unfair dismissal has been reduced because companies with 100 or fewer employees are excluded, there are still things for them to be aware of. For them, unlawful dismissal still includes age, race, colour, religion, family responsibilities, trade union membership or activities outside work hours.

Mr Cameron says that unfair dismissals heard in the Industrial Relations Commission require the employer to prove their claims. But in the Federal Court system, the onus is reversed, requiring the employer to prove that the dismissal was not unlawful.

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Queen Bee

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Find permanent premises for long-term benefits

Rajarshi Ray
Head of Small Business Services, American Express

For a business that has been trading for less than a year, Queen Bee has achieved a great deal. That success has brought forth a dilemma that many business face when outgrowing their home base — whether to buy or rent premises. Despite the financial benefits and convenience, the challenge of working from home comes later when wholesalers or retailers want to view product samples or when you start employing staff.

The secret is finding the right tipping point: where there is sufficient growth opportunity to justify the additional expense. With Queen Bee's current turnover, it could be close to that point now and renting premises makes sense as an interim measure. However, as Sharon looks to extend her brand (perhaps Little Bee and Daddy Bee?), she should consider permanent premises for ease of access, certainty of cashflow and product security.

Her strategy for gaining exclusive distribution rights is a good one as it creates a partnership. From a business margin and cashflow perspective, we favour this approach over commoditising a supply chain.

One final thing — with so much success to date following her positive press coverage and publicity — she really is better off financing cashflow at present rather than hiring a PR agency to create further demand.



Identify best distribution models to meet demand

Carolyn Stafford
Director, Connect

Sharon needs to broaden her distribution channels and expose her products to a broader market. She is therefore taking the right approach by developing partnerships with retail stores. However, she must understand the best distribution models for her business to ensure steady and controlled growth; she needs to make sure she can meet demand. She could also consider other distribution options such as employing sales people on a commission basis.

I would advise Sharon to actively seek a mentor, ideally a successful businessperson who understands distribution. She should develop more of a networking strategy, such as participating in speaking engagements, to build her profile and develop relationships with potential partners.

As the business grows, it will become increasingly important to protect her brand. If she hasn't done so already, I would advise Sharon to seek legal advice about registering the business name as a trade mark and protecting her designs and the brand. Finally, I would encourage Sharon to look at search engine optimisation. When I typed 'maternity wear' in Australia in two major search engines, Queen Bee did not come up. Sharon could add educational links or create affiliate partnerships or advertising programs to increase traffic to her site.



Drive visitors to the website and use online marketing

Paul McKeon
Corporate Communications Manager, Dell Australia

It looks like Sharon's previous experience is paying off for Queen Bee. Securing a distribution agreement with a US brand like the Gap is no small achievement.

No matter what direction the business goes in the future, it will always be important to maintain a firm grasp on the financial fundamentals which drive it — without these, it is hard to have a realistic business plan. It is also important to acknowledge that the expansion plans she has will take Queen Bee into uncharted waters where professional advice may be necessary. I'd suggest priority number one has to be to drive up the number of visitors to her site. PR can help here but Sharon really needs a marketing expert.

Web and online marketing, including emails and targeted advertising, can be useful tools for Queen Bee. The Business Network has profiled at least 10 complementary online businesses to date with whom Sharon could consider co-marketing relationships. I'd avoid the idea of a CD-based brochure.

As for delivery, I'd suggest Sharon give Queen Bee's customers a choice. She can continue to offer free delivery by Australia Post if her margins can cover it and she feels it wins business. However, customers might respond well to the option to pay for a courier when time is more of a concern than money.



Research international markets and go global

Kevin Hindle
Professor of Entrepreneurship Research, Swinburne University

Sharon has done many things right; she has great experience, solid financial skills and knows when a concept is right for her. And, if you'll pardon the pun, she has a well-conceived niche! I suspect many pregnant women might not have the time or inclination to visit retail stores to try on clothes, which would make an online store perfect for this market.

Sharon also has a willingness to grow and acquire extra expertise. If she could attract a mentor or investor partner able to help her with marketing intelligence, she could possibly go global right now. She may be thinking too domestically. Why establish a warehouse in Sydney if you plan on manufacturing in Hong Kong? A Hong Kong (or other Asian) base would facilitate exports and meet demand in the Australian market, and would possibly enable outsourcing or elimination of the warehousing function.

To go global, Sharon must research and understand the nuances, habits, trends and necessities of maternity in different countries. For example, the American market might be significantly different to the Chinese market. She should also analyse birth rates by income sector in different countries and undertake a strong competitor analysis. This research would help ensure she knows who to target.



Consider hiring a part-time financial controller

Tim Harrington
General Manager of Product and Marketing, Westpac

Sharon could consider hiring a part-time financial controller. Sharon could still be involved in this aspect of the business, but a part timer could help her with the time-consuming task of number crunching and provide insight into tax planning and foreign currency accounts. Sharon's business background might suggest she should continue looking after the financial aspects of her business. However, I think it is important for her to attend to marketing opportunities and ways of generating new business.

Considering the media exposure Sharon has generated so far, she seems to have flair for public relations. If Sharon is looking to expand Queen Bee into new areas, she should keep in touch with the media contacts she has developed and let them know when she has a new range. She might even suggest she would be available for a profile piece on Queen Bee when she has developed her own range. However, it's a good idea only to contact the media when she has something new to say.

Finally, Sharon could use established mothers' groups to spread the word about Queen Bee. Reciprocal website links with online mothers' groups could be an inexpensive and effective way to reach her target market.



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