

dotcom boom 2.0 still to come

dStore.com.au managing director **Andrew Cooper** explains why the best of the internet is still to come for retail operations

I left university and it took me a couple of years to work out that I wasn't a very good employee. I got frustrated with the way the businesses operated and how they treated people, so I thought the best thing for me to do would be to strike out on my own. Of course when you do that you realise that running a business is not as easy as you thought it was, so you can appreciate the challenges that are faced by business owners. I think I have a much greater appreciation now of what it was like for those people I was working for.

I was always entrepreneurial, but I don't recall in my younger days knowing the difference between someone who worked for a living and someone who owned a business and employs people. It is only now I can see the stark difference between the two. I come from a family that has always owned businesses or farming, so it was just assumed that you would go into business. It was never really a stark choice for me, it was just a natural progression into being a business owner. It surprises me that most people don't think like that. It surprises me that a lot of people would consider spending their entire life working for someone else.

I don't have any business heroes, but I do take the best ideas from a collection of business thought leaders. I read a lot of business books and people related titles learning how to motivate people. I have learnt how to appeal to people's sense of self-worth so that they come to work excited

rather than coming begrudgingly. When you come out of university you don't realise that you haven't been taught everything you need to know about management. As you spend a bit of time employing people you realise that there is so much more to know about motivating staff and giving people a sense of achievement and satisfaction out of the major thing they do in their lives. It disappoints me that you don't learn any of that at university.

I think there are certain things a successful business leader needs to have. First and foremost you need to have empathy for your customers and the people on your team. What you observe is that there is no single right way to run a business. But there is a way you can run a business where everyone involved in it, from customers to employees to shareholders to managers, can get something out of the business rather than running it like the proverbial tyrant who in the end becomes the major beneficiary of the business while the others get chewed up and spat out along the way.

My general observation is that most people that I know in business seek to run a business that is good for all the participants in it and the companies that run the longest tend to operate like that.

With dStore we had to bring a reality to the business that wasn't there. It had been born out of a unique time in the dotcom boom and when that ended the trajectory of the business needed to change rapidly. We were in a position to do that.

Even though it has the same name, dStore was quickly changed into an entirely different business. From the customers' point of view they wouldn't have detected a lot of difference, but in the back office there were massive changes. It just needed to happen – businesses do need to make money, they do need to adhere to some sort of money-making model where all the participants benefit. Shareholders do need to make a return otherwise the business will eventually fail. We applied those principles from the moment we took over the business, which forced radical change on the business.

The original dotcom boom expectations were not unrealistic, it was just the timeframe that they were meant to achieve them were unrealistic. We are now close to a decade later and there have now been some enormous successes around the globe. In some ways those successes have wildly outstripped even the most optimistic expectations back in the boom days. Just think of companies like Google where you have seen a giant shift in the way business operates because of what one company has been able to achieve.

For online retailers like dStore the big thing that we didn't realise back in the boom was that it takes a long time for customers' habits to change. It takes almost a generation or two for people to break the habits that have taken several generations to build up. But as those new generations build up the boom will come and I would expect that an increasing

AT A GLANCE	
Name:	Andrew Cooper
Position:	dStore.com.au managing director
Age:	42
Turnover:	\$10 million annually
Growth:	25% annually "for some years now"
Prediction:	10% growth in 2009

number of retail transactions will be conducted online, and that will continue for 20 or 30 years.

The internet has gone through that new technology phase and now it is just a tool that is increasingly finding new applications and new ways to deliver benefits to people. In the 1990s it was something that was cool even though we didn't understand it. We were imagining lots of applications but not actually using too many of them. Ten years down the track we are now looking at using the tools and creating spin-off tools. But there may be technology invented in the future that will make the internet redundant. The way we look at it is that it allows people to conduct safe and convenient shopping without having to go to a shopping centre. For dStore the internet puts that ability in the hands of customers who may not have the time to go down to the shopping centre. But you can also make it pretty cool, and we are discovering more of that as a higher percentage of the population becomes plugged into the internet.

Growth is slowing because of the recession, but we would expect it to be in the 10 point range in the period up to Christmas. There are lots of opportunities in recessions for online businesses, so we are pretty excited about the future.

It will be interesting to see how the online industry performs during a recession, because it really hasn't had a downturn yet. Like any business there will be winners and losers and there will be some



that go broke, but the ones that survive and find their niche have the potential to really grow rapidly.

In the short term we are in a hunker-down mentality, in that we are not doing anything too outrageous in terms of our marketing. We are making sure that we will survive any short term jolts the economy may suffer. But in the longer-term the future is incredibly exciting. There is the opportunity to not only grow organically but also make acquisitions among our peers.

There are lots of challenges. We have had a high growth mentality, but these last

six months – and I suspect the next six months – have been a slow-growth period. One of the challenges is to adapt to that – the team is used to the excitement of rapid customer acquisition and rapid growth and pulling that back has needed a mindset change for our team.

The other main challenge is just to maintain profitability. Consumers are expecting better prices and the challenge for us is how to deliver those while maintaining our margins and not compromising the strengths of the business. **W**