

# First ask 'what is it I would invest in?'

BUSINESS owners looking to attract investors should ask themselves "what would I look for if it was my money being invested?", Adelaide investment adviser Damian Papps says.

Mr Papps, a director of corporate advisory and national equity raising firm Strategon, says there is the opportunity to attract investment as long as you go about it the right way.

"People think there are no venture capital opportunities or angel investors in Adelaide," he says.

"They are there but they want businesses to have the whole package if they are going to invest in them."

A crucial part of this package is a product which has already demonstrated it has national or international acceptance, and a business which has turnover.

Entrepreneurs with nothing more than an idea need to get some management runs on the board before trying to sell ideas to investors, he says.

"The idea is the easy thing," Mr Papps says. "Good business management is the key."

A demonstrable "competitive advantage" providing an edge over the competition is also crucial. This can be made up of intellectual property protection, established distribution chains, key people and suitable or specialised plant and machinery.

With new products, being first to market and "owning the space" is crucial, Mr Papps says.

In the early stages friends and family could provide investment, as well as grants such as the Federal Government Comet grants.

Companies at the next stage could look towards angel investors - high net worth individuals with money to invest - or venture capital funds, but needed to keep in mind these investors want an "exit strategy" within



Cameron England

three to five years. Mr Papps says angel investors in particular can be valuable as they bring expertise and industry contacts with their money.

"The angel investor should really add value to the business, through knowledge of the market, the ability to open doors," he says.

The money raised should not be worth more than half the value of the business - with valuation based on an accepted accounting principle such as discounted cash flow - or the business is effectively being sold, Mr

## Good business management is key

Papps says. "If your business is worth \$300,000 and you want to raise \$200,000, you're selling the business," he says. "What will happen then is you will lose control."

There were also sharks in the finance game.

Mr Papps says a general rule is "if it sounds too good to be true, it generally is".

"We tend to avoid anything offshore," he says.

"It's always that much harder, you can't do your due diligence."

Mr Papps says the warning signs for "cowboy" operations were high interest rates, excessive demands for security and high up-front fees.



SALES: Richard Akkermans in one of the themed areas of his new Adelaide All Spas showroom. Picture: MARTIN JACKA

## Setting the perfect scene for a spa

By NATHAN CROSS

RICHARD Akkermans believes adopting an emerging US trend to make stores look more like theme parks will provide a boost to the growth of his business.

The director of Adelaide All Spas recently opened his new showroom which is split into themed zones such as a backyard patio area and a Glenelg balcony beach scene.

"I see themeing as a new mega-trend in retail and particularly in leisure retail," Mr Akkermans said.

"I went to the US in November last year to a pool and spa conference. What we did after that was spend the next seven days visiting all kinds of retail shops.

"What we found is that they are all heading toward this themeing.

"From my perspective it is important for me to help make it easy for a customer to make a decision, and if they can imagine the product is in their place, that is what this themeing is about."

Adelaide All Spas has seven staff and a turnover of more than \$2 million. Mr Akkermans expects the new store themes, part of his business's strategic plan, to add 20 per cent growth this financial year.

The first step in his business plan was to talk to customers and research the issues or concerns they had when purchasing a spa.

"My tip for anyone would firstly be to speak to your customers and find out how they have found the experience and take onboard the feedback that customers give you," he said.

"Then consider how you can act on that feedback to address concerns and ideas customers have.

"Then implement those methods and gain feedback again to see if it has had a positive impact."

Mr Akkermans said his business produces survey forms for customers to fill out, hosts customer evenings and conducts telephone interviews to get feedback.

Among his other tips is to develop and nurture the skills of employees.

"Involve the people in what you are doing. We generate a lot of great ideas from our people," he said.

"Gathering input from your people is a part of this development process. It gives people some ownership and interest. It makes it a more enjoyable place to work."



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