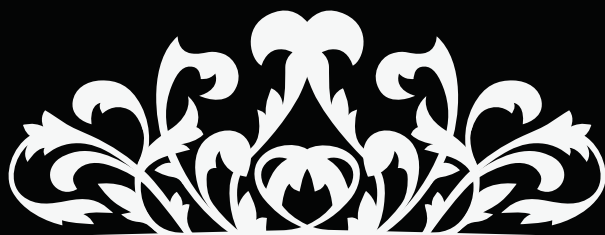


**BERNADETTE SCHWERDT**

Best-selling author of *Secrets of Online Entrepreneurs*



**FREE  
CHAPTER**

**HOW TO BUILD AN  
ONLINE  
BUSINESS**

Australia's Top Digital Disruptors Reveal  
Their Secrets for Launching and  
Growing an Online Business



**WILEY**



# INTRODUCTION

## The state of play

I was born in 1966. Life seemed simple then. There was no mobile, no email, not even videos. ‘Social’ was called ‘going outside’ and the internet was the Funk & Wagnalls encyclopaedia.

Work was simpler too. In the advertising agency where I cut my teeth, a ‘hard decision’ was choosing between placing a full-page advertisement in *Cleo* or *Cosmopolitan*. Tough decision. Kept me up at night.

Fast forward 25 years and here we are, smack bang in the middle of a technical revolution and boy, does that ‘hard’ decision to choose between *Cleo* or *Cosmopolitan* seem easy. Now, when scheduling media, the discussion is had between data scientists and it sounds something like, ‘We’ll just do an A/B test using the multivariate vector points as mutable factors for sub-segment n-2 utilising the regression coefficients.’ I know. It doesn’t make sense to me either, but that’s how complex the media-buying discussion has become.

It’s not just work that’s complicated. Simple things, such as children’s toys, have become unbelievably complex.

For example, my son turned 11 last week. We bought him a drone helicopter. It cost \$50. Five years ago, it would have cost \$700. Eight years ago, it didn’t exist. The gyro that makes it work cost NASA engineers \$100 million to invent and you need to be a computer

programmer to use it. When I was 11, we got Pong and we thought that was the height of technical sophistication.

Things move much faster now too. A TV commercial that took a team of creative professionals three months to make can now be produced by a 13-year-old with an iPad in under 30 minutes. A website for a new business can be built within an hour for just a few dollars.

In short, things are changing, fast. For the better? Depends on where you stand. One thing is clear. Digital disruption is not just ‘Web 2.0 on steroids’. It is a fundamental restructuring of the way business operates and indeed, the very way we live. All businesses—from child-care to aged care, from car repair to stocks and shares—will be affected. Who will be the winners? Who will be the losers? The answer is in your hands and the solutions are in this book.

## **The democratisation of knowledge**

When I was a kid, you were seen and not heard. Parents were the king and queen and what they said went. Our sources of knowledge and wisdom were our families, the church, the school and the library. Information was in the hands of the few and it was doled out according to their views, perspective and experience, so even if we wanted to stretch our wings and build a business, we needed help from others to make it happen.

Now, we have Google, and the democratisation of knowledge it enables has transformed our society so quickly, widely and deeply (I’ll stop with the adverbs) that many people, especially those over 50, don’t know how to keep up with it. The impact Google has on our lives cannot be understated. Now, for example, everyone has access to the factors of production (more on those later) and where we live, what we know, who we know and how much money we’ve got, are no longer barriers to building a business. Now, anyone with an idea and access to the internet can get started, which means everyone has the potential to become an entrepreneur.

## **So, what the heck is an entrepreneur anyway?**

The technical definition of an entrepreneur is a person who undertakes some task, takes a risk, initiates an action or makes things happen. There's no one-size-fits-all or cookie cutter definition for a person who becomes a successful entrepreneur. Some are natural-born salespeople with the gift of the gab and a higher-than-usual tolerance for risk, ambiguity and uncertainty. Others are introverted idealists who find comfort in the cool calculations of an Excel spreadsheet. Irrespective of their innate differences, many entrepreneurs exhibit similar behaviours that contribute to their success. Here's what I have observed. For the most part, they:

- are humble—they know they don't have all the answers and ask better questions than most
- are obsessed with their business and pursue one business idea at a time
- have clarity on what they want their business to achieve, be it to make a million or be home by 3 pm to pick up the kids
- get started quickly without worrying about the end game or what their exit strategies might be
- start small and gain momentum by openly sharing their idea and collaborating with others who complement their skill set
- do basic tasks—such as following up with prospects, keeping an eye on cash flow and building the sales funnel—meticulously and consistently
- don't accept defeat or loss gracefully, if at all, and accept that at times they may annoy a great many people with their actions
- regularly test and measure the results of their marketing efforts and tweak those marketing levers to create incremental improvements
- reinvest profits back into the business to make it a better, faster, leaner operation

- get involved in every aspect of their operation and do everything themselves until they can afford to hire others
- work harder and put in longer hours than anyone else they employ.

If this sounds like a life you'd like to lead, the entrepreneurial world is for you. If not, you'd best get back on the 7.19 am train for the city commute, take instructions from a boss you neither like nor respect, complete tasks that mean little to you and add nothing to the world, and let faceless men and women in corner offices dictate your future.

The choice is yours.

## **If you're standing still, you're going backwards**

I have a friend called Sophie. She's a talented business coach and great at what she does. She paid a colleague to build a Wix website for \$500. It looks terrific. She loaded up her content, got her headshots done, promoted her first public workshop and got approximately zero enrolments.

'What am I doing wrong?' she wailed. 'I built my site, I got the testimonials. I have an offer on the home page. I've got my AdWords happening. I hooked it up to Mailchimp. Where are all the customers?'

Five years ago, those marketing efforts would have been enough. Even three years ago, they would have been sufficient. Now? Not so much. So, what's different? What's changed? A lot.

As Sophie so painfully discovered, what worked before may not work now.

Back in the early 2000s, it was easy to build a database, and even easier to get on page one of Google. There were few competitors. Facebook was free, and consumers were enamoured and easily led. Early tech adopters such as Catch of the Day, Kogan, Deals Direct,

Freelancer and Milan Direct came and conquered. Those early days of the wild wild west set them up and gave them the edge. I interviewed many of those founders for my first book, *Secrets of Online Entrepreneurs*, and they say quite honestly, ‘If I had to start my business now, I don’t know if I could achieve the same level of success. It’s much harder now.’

Many who didn’t catch the tech wave saw their businesses go under; many found they couldn’t compete, but many also found that they didn’t *want* to compete. The introduction of the GST in July 2000 saw many old-school business owners just give up the ghost—it was all too much. Now, retailers of many years standing are doing the same, not because of new government regulations but because of the threat of online competitors and the sheer effort it takes to keep up. They’re giving up because they don’t like the way people shop now, where a customer tries on a dress or a shoe, sources a cheaper quote online (while they’re in the shop), thrusts their mobile phone in the retailer’s face, and says, ‘Match that price or else.’

You only need to wander up high streets across Australia and see the plethora of ‘For lease’ signs to know that retail is under threat. And Amazon is just warming up.

The way we do business has changed dramatically and you may not believe me when I say this, but for those with the right skill set and attitude to technology, it’s for the better. Yes, only the good survive in business nowadays, but it’s never been easier, cheaper or faster to work out how to *be* good and to harness the tools of technology that can *make* you good.

The change factors that I will elaborate on in the book—the tools that underpin all successful modern online businesses—are for the taking. They enable ordinary people to build businesses that let them do what they want, when they want and for how long they want, and to get paid what they want. They give people like you and me the tools to create businesses that matter to us and help us achieve our personal goals, be it to own a water-front property or buy a pony

for the kids. These tools help make it easier for people to connect with collaborators, customers, suppliers, partners and investors more easily than ever before.

These change factors are marvellous and terrible all at the same time, and they're changing the way we live. What are these change factors? Read on to find out.

## **There's no I in TEAM—but there is ME**

If you've been around long enough, you'll know most things come full circle.

When big, pure-play operators such as Amazon, Kogan, Catch of the Day, Deals Direct and the like got started, we could get what we wanted with all the boxes ticked: right product, good price, great range, fast delivery ... perfect!

But then customers—being fickle and picky, and fussy, and self-focused—wanted more. They said, 'I really like what you're giving me, but I want it done slightly differently for me, you see, because I'm special and my needs are paramount and in this post-modern age where my needs trump everything, I've decided that ...

- I want to talk to someone in customer service about *my* purchase because I'm not sure if I'm buying the right thing and I need to know *now*.
- I want *my* product to be a bit different from what you've got on offer; I want it done *my* way so that it suits *my* values, *my* diet, *my* lifestyle and *my* budget.
- I want to spend less time scrolling through a website and more time reviewing customised offers that reflect *my* taste, *my* needs and *my* past purchases.

This focus on the individual gave rise to all manner of niche products that had to be 'just right', as evidenced by the rise of the



mass personalisation of goods: almond-milk-decaf-not-hot-but-warm-cappuccino; personalised handbags with gold-encrusted monogrammed initials; books featuring storylines with our children (and their best friends) as the main characters; values-based buying that reflects our need to buy ethically, sustainably and locally, and 3D-printed running shoes built specifically to accommodate our pronated left foot and dislocated metatarsal. Welcome to the era of mass personalisation.

When done well, mass personalisation offers a better experience for customers, increases loyalty and leads to higher value orders. It curbs decision fatigue and cuts down on the effort a customer has to spend finding what they are looking for.

## **Why mass personalisation is a good thing**

This rise of ‘mass personalisation’ is good news. Why? Because it means small-scale business owners can create bespoke, niche products that serve a tiny sector of a global market and still find enough customers to make a healthy profit; and because we have the tools of digital disruption at our fingertips (such as cloud services, mobile technology, big data analytics and social media—more on these later) we can build the business quickly and cost-effectively. In short, it’s never been faster, cheaper or easier to give those self-centred, narcissistic, picky people exactly what they want. I’m not judging those people. I’m one of them. We all are to some degree. We’ve all become so *demanding* and it’s the businesses that respond to that demand by offering extreme customer service that succeed.

### **WHAT EXACTLY IS DIGITAL DISRUPTION?**

Technically speaking, digital disruption is when emerging digital technologies and business models create change within an industry. They impact the value of existing products and services offered in the industry and cause the need for re-evaluation.

Is mass personalisation bad? Heck no, it's great! It's great for the little players who can't compete on price, range, service and delivery, all at the same time. It's brilliant for them because now they can find a way to compete that enables them to focus on the *tiny bit* they do brilliantly; the *tiny bit* that only they can do; the *tiny bit* that separates them from the pack; the *tiny bit* that enables them to be found on Google. That *tiny bit* could be the 'pinch of salt' that creates that all-important point of difference.

So, when a customer wants a cobalt-blue, mohair, jewel-encrusted dog jacket monogrammed with 'Fido' on the collar, and they want it delivered overnight, gift-wrapped in gold-flecked tissue-paper with a personalised note to Fido (written on Schmacko-scented parchment paper), they can find the exact supplier online to do it at the right price.

That's why we love the gig economy (more on that later) and why the gig economy has flourished: it enables people to be brilliant at their little bit (making cobalt-blue, mohair, jewel-encrusted dog jackets) and through the tools of digital disruption enables them to offer their specialised service to a global market.

If you like the thought of being able to offer your *tiny bit* to the world, the bit that you can be brilliant at, then the tools and templates in this book will help you to do it. So, what will you sell? What will your *tiny bit* be? If you're stuck for business ideas, take a look at some of the hot online niches in the next section. They are predicted to be fast growing sectors in the future.

## **20 hot online niches to consider**

Being a successful entrepreneur begins with asking one important question: What will you sell? I'll keep reminding you of this throughout the book because, first, it's the most important question to ask, and second, it's really easy to get bogged down in the minutiae of building a business and to forget that people pay you to solve a very specific problem.

This decision needs to be made carefully as you'll live and breathe it for the foreseeable future. To increase your chance of success, it's worth looking at what trends are occurring and ride those waves to see where they take you. You may find the business changes direction as you get started, but you've got to get started with something so you may as well choose a category that's predicted to grow. Take a look at what fads are occurring because fads become trends, trends become niches and niches become mainstream. If you pick the right fad at the right time and get in early, you can set yourself up for success.

### **QUICK TIP**

If you really want to keep your finger on the pulse of what the next trend is, just Google 'Amazon is about to buy...' and wait for the predictive drop-down menu to reveal 'the next big thing'.

For example, remember when the 'organic section' was a few misshapen carrots in a wicker basket tucked away in the corner of the green-grocer? Now organic means Amazon paying \$US13.7 billion for US-based grocery store Whole Foods Market. In other words, niche groups that were considered 'fringe' or 'outliers' two decades ago are now viable markets of interest. If you're keen to build an online business that has huge potential for growth you would do well to look at the niches that are emerging and see if any match with a product or service you're passionate about. It's not essential that your business idea be focused on a passion, but it will make those hard times easier to get through. To whet your creative appetite, here's a list of 20 online niche hot spots for you to consider. Take a look at these to see if any appeal to you as potential business ideas:

1. organic and vegan products
2. cruelty-free products
3. house-made produce

4. sustainable farmed products
5. baby equipment
6. pet care
7. vintage fashion
8. plus size clothing for men and women
9. petite size clothing (that doesn't have a Barbie logo on it)
10. the hipster brigade: beards, barbershops, baristas, blogging
11. the maker movement: micro-producers of everything—furniture, beer, bread, cheese ...
12. yoga for men
13. mindfulness for corporates
14. composting and recycling
15. ethical investing
16. fair trade
17. repairing and sharing (from clothes and computers to toasters and toys)
18. subscription models (from software to shavers to socks)
19. marketplaces (for anything) that connect buyers and sellers
20. products that target the specific needs of older women, cashed-up boomers and millennials.

These niches are all trending up to become mainstream markets. Get in early and own your 'corner' of the market before they get saturated.

## **To see the future, we must look to the past**

These emerging hotspots may seem new and trendy but they're not. We need only speak to our frugal parents—those born in the 1930s and 1940s—to see that nothing has really changed. Take a minute to ask them about these fads/trends/niches and you'll quickly discover

that everything old is new again. My dad had 11 brothers and sisters. They lived on a farm and within their means. The way they sourced and used products and services would now be called ‘self-sustaining’ and ‘hipster’, but their financial circumstances at the time dictated that nothing be wasted or taken for granted.

For example, they:

- fished for yabbies in the local dam (fad: sustainable farming)
- grew wild strawberries in the garden (fad: organic low-miles food)
- made jam out of what was left over (fad: preserving)
- raised hens for their eggs (fad: farm-laid, free range)
- fed the food scraps to the chooks (fad: recycling and composting)
- made their own beer and stored it in the garage for later consumption (fad: micro brewing)
- walked 3 kilometres to school and back each day (fad: 24/7 gyms)
- used household ingredients such as yoghurt and cucumber to create beauty products (fad: organic facial)
- added some sugar to the facial mix (fad: microdermabrasion).

My dad’s family lived that way because they had to. Now, living simply/sustainably/fashionably like this is no longer a necessity, it’s a lifestyle choice, and technology has made it easier, cheaper and faster to buy those products and services that enable that lifestyle.

People haven’t changed. What has changed is *how* and *why* we buy these products. Now, we’ve worked our way to the top of Maslow’s Hierarchy of Needs and we buy these products because they reflect our values and how we want to be seen by those closest to us.

So enough with the talking. Let’s get going by introducing you to the entrepreneurs I interviewed for this book.

## Who's in the book?

Some entrepreneurs featured here are high profile and will be well known to you. Some will be lesser known, but with equally successful businesses.

Some have been in business for decades; others are just getting started. Don't be dazzled by the glamour of the big names and big success stories. Yes, those experienced hands have much to share. But it's the ones getting started—who are in the thick of it, living and breathing it every waking hour—from whom you can learn just as much.

Table I is a snapshot of some of the Aussie online entrepreneurs you'll discover in this book:

**Table I:** the entrepreneurs or their chosen representatives

Tony Nash	Booktopia	<a href="http://www.booktopia.com.au">www.booktopia.com.au</a>
Andre Eikmeier	Vinomofo	<a href="http://www.vinomofo.com">www.vinomofo.com</a>
David Rohrsheim	Uber	<a href="http://www.uber.com/en-AU">www.uber.com/en-AU</a>
Jane Lu	Showpo	<a href="http://www.showpo.com">www.showpo.com</a>
Matt Barrie	Freelancer	<a href="http://www.freelancer.com">www.freelancer.com</a>
Adrian Fittolani	Envato	<a href="http://www.envato.com">www.envato.com</a>
Melanie Perkins	Canva	<a href="http://www.canva.com">www.canva.com</a>
Jules Lund	TRIBE	<a href="http://www.tribegroup.co">www.tribegroup.co</a>
Kate Morris	Adore Beauty	<a href="http://www.adorebeauty.com.au">www.adorebeauty.com.au</a>
Darren Rowse	Prologger	<a href="http://www.prologger.com">www.prologger.com</a>
	Digital Photography School	<a href="http://www.digital-photography-school.com">www.digital-photography-school.com</a>
Daniel and Justine Flynn	Thankyou Group	<a href="http://www.thankyou.co">www.thankyou.co</a>
John Winning	Appliances Online	<a href="http://www.appliancesonline.com.au">www.appliancesonline.com.au</a>

Shaun O'Brien	Selby Acoustics	<a href="http://www.selby.com.au">www.selby.com.au</a>
Paul Greenberg	DealsDirect	<a href="http://www.dealsdirect.com.au">www.dealsdirect.com.au</a>
	NORA	<a href="http://www.nora.org.au">www.nora.org.au</a>
Sandy Abram	Wholesome Hub	<a href="http://www.wholesomehub.net.au">www.wholesomehub.net.au</a>
Simon Griffiths	Who Gives A Crap	<a href="http://www.whogivesacrap.org">www.whogivesacrap.org</a>
Mark Bevan	Joust	<a href="http://www.joust.com.au">www.joust.com.au</a>
Morgan Coleman	Vets on Call	<a href="http://www.vetsoncall.pet">www.vetsoncall.pet</a>
Nik Merkovic and Alex Tomic	HiSmile	<a href="http://www.hismileteeth.com">www.hismileteeth.com</a>
Lucy Glade-Wright	Hunting for George	<a href="http://www.huntingforgeorge.com">www.huntingforgeorge.com</a>
Lucy Mathieson	Bake Play Smile	<a href="http://www.bakeplaysmile.com">www.bakeplaysmile.com</a>
Anna Whitehouse	Mother Pukka	<a href="http://www.pukka.co.uk">www.pukka.co.uk</a>
Alex Ouyens	Ouwens Casserly Real Estate	<a href="http://www.ocre.com.au">www.ocre.com.au</a>
Sarah Leo	Openbook Howden	<a href="http://www.openbookhowden.com.au">www.openbookhowden.com.au</a>

I've also sought contributions from consultants at the top of their game whom other entrepreneurs turn to for wisdom, advice and expertise. To seek their advice would cost you a year's salary. It's all here in the book.

I've sourced the best in the business. Experts in PR, web development, user experience, site optimisation, social media, influencer marketing, digital marketing, content creation, professional speaking and more (see table II, overleaf).

**Table II:** the specialist expert contributors

Karen Eck	eckfactor PR	www.eckfactor.com
Jocelyne Simpson	IDoMyOwnPR	www.idomyownpr.com
Toby Tremayne	Magic Industries	www.magicindustries.net
Adam Franklin	Bluewire Media	www.bluewiremedia.com.au
Jim Stewart	StewArt Media	www.stewartmedia.com.au
Meri Harli	Fat Cake Media	www.fatcake.com
Phil Leahy	Retail Global	www.retailglobal.com.au
Lyndal Harris	Podcast VA	www.podcastva.com
Kevin Bloch	CISCO	www.cisco.com

## The five steps in this book

I've created a 5-step process for you to follow when building your online business (see figure I). This roadmap will provide signposts for what to look for, what roads to take, what shortcuts to follow, and what dead ends to avoid.



**Figure I:** the five steps of the book



Each step contains chapters that will cover different aspects of the journey. The book is best read from start to finish but you can also dip in and out at any point along the way. Everyone will be at different stages of building their business, so take what's right for you and leave what's not.

If you're looking for the ultimate strategy playbook for launching, building and growing an online business, this roadmap will help you get there faster.

If you want things in your life to change, you have to change things in your life. That starts with changing the way you think and what you believe is possible. So what set of beliefs do you need to build an online business? What mindset is needed to be a successful entrepreneur? Welcome to Step 1: How to develop an entrepreneurial mindset.

# ABOUT THE AUTHOR

Bernadette Schwerdt is a writer, keynote speaker and entrepreneur. She is the founder of the Australian School of Copywriting, the head copywriting tutor at the Australian Writers' Centre, and a former senior account director with Wunderman Cato Johnson Advertising, where she created campaigns for clients such as Apple, American Express and BHP.

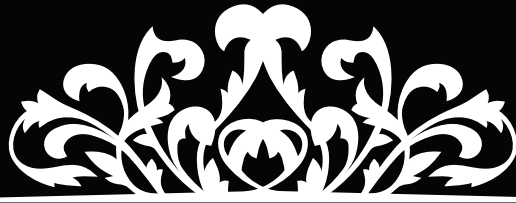
She has a business degree in Marketing from the University of South Australia, is the author of the best-selling book *Secrets of Online Entrepreneurs*, the producer of a video series of the same name for Fairfax Media and a popular TEDx speaker on a topic close to her heart: 'How to bumble your way to success'.

She is on the board of Writers Victoria, a mentor with the Layne Beachley 'Aim for the Stars' foundation, and a judge for the Anthill Cool Company Awards and the Online Retailers Industry Awards (ORIAS). She has been featured in *BRW*, *Money* magazine, *HuffPost* and on Sky News.

She took three years out of the corporate world to study acting at the Victorian College of the Arts, has since worked extensively as an actor in film and television and is a leading public speaking coach for senior executives.

You could say she's had what is now known as a 'portfolio' career. Her mother still doesn't know exactly what she does.

Thank you for reading this sample of



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