

WILEY
e-sampler

BERNADETTE SCHWERDT



SECRETS OF
ONLINE
ENTREPRENEURS

How Australia's Online Mavericks, Innovators
and Disruptors Built Their Businesses...

And How You Can Too.



WILEY

WILEY

CONTENTS

<i>Acknowledgements</i>	<i>vii</i>
<i>Foreword</i>	<i>ix</i>
<i>The author's story</i>	<i>xi</i>
<i>Preface</i>	<i>xiii</i>
<i>Introduction</i>	<i>xxv</i>
1 Purpose	1
2 People	31
3 Planning	63
4 Profit	89
5 Positioning	121
6 Profile	151
7 Promotion	187
<i>Take Action</i>	<i>215</i>
<i>Appendix 1: The top free apps every online entrepreneur needs when starting out</i>	<i>221</i>
<i>Appendix 2: The copywriter's creative brief</i>	<i>229</i>
<i>Index</i>	<i>233</i>

PREFACE

Being an ‘online entrepreneur’ means different things to different people but for me, the definition that sums it up in its purest sense is ‘one who identifies a need, any need, and fills it using the internet as the main means of promotion’.

Creating an online business that sells to a global marketplace 24/7 can be intoxicating and when those first few sales arrive, it becomes quite addictive. I can still vividly recall that moment when I launched my online business. It was June 2006 and my online entrepreneurial journey had just begun.

How to make money in your pyjamas

Date: June 2006

Time: 9:17 am

The baby’s napping. I’m in bed, eating Vegemite toast and drinking coffee. I fire up the laptop and check my email. My new website’s been up for two days and overnight two people have bought my home-study copywriting course. One thousand, six hundred dollars went into my bank account while I slept. I forward the email receipts to my virtual assistant and she dispatches the packages to their new owners, triggering the auto-responders that will take care of all client communication for the next few months. Automation heaven! I sweep the crumbs out of the bed, put my mug aside and snuggle down to catch up on the sleep I lost tending to a newborn the night before.

I had *hoped* my new website would work, but really – *seriously* – would anyone buy my home-study course sight unseen, without even knowing me, without even so much as sending an email to check that I was real? Would they really entrust this random website with that most precious of data, their credit card?

As it turns out, yes they would and yes they did.

The thought that the average Australian would have to work a week to generate what I earned overnight was not lost on me. At that very moment, I fell in love with online business, and that thrill of seeing money go into my bank account without me having to do anything *on that day* (note the italics) still thrills me.

Online business? I was hooked.

But that was then, and this is now. Boy, how things have changed.

The allure of an online business

There was a time when online entrepreneurs were greeted with awe, curiosity and intrigue.

‘Wow, someone who makes money out of thin air, without doing anything! What a talent!’

‘Yes, it’s a passive-income business,’ we’d muse, smugly.

In the early 2000s, when the world wide web really was the wild, wild west, having an online business that delivered a passive income was not that hard to achieve. I know because I had one: a business that provided an income whether I was in bed, the Bahamas or the bath.

It seemed that if you could put a half-decent website together, devise a reasonable product and get the site on page one of Google, you really could make money out of nothing.

I recall a colleague who wrote an eBook containing original fairytale stories for children. Its point of difference was that each story ended with a simple moral that dealt with everyday childhood fears and worries. Those books are commonplace now, but back then they

were the height of novelty and, even better, you could get them instantly – without going to the bookshop! Amazing. She sold more than 10000 copies in four weeks. At \$47 a pop, that's a nice little earner for a 50-page digital download.

Another colleague built a simple membership site costing \$97 per month. Within a few months, he had more than 500 people in his club. That should pay his mortgage for the month.

Is passive income really passive?

Let's knock this one on the head right now.

There's no such thing as passive income. Most people I know who make money 'while they sleep' are actually really, really active in making it – they just do all the work in advance of the sale, not after it.

Passive income may look easy, and it certainly was easier to generate back then compared to now, but the reality is and always has been that you actually have to *do* something to make a passive income.

Four reasons why what worked then won't work now

The days of making easy money online are certainly not over – far from it – but you have to be a lot, lot smarter to do it. Much smarter than we were in the early days.

Why? Because in the early 2000s, four unique factors existed that enabled many novices to experience outrageous online prosperity.

- *Low competition.* If you were one of the early adopters, you could own page one of Google with no pesky competitors muddying the waters. I recall very clearly that my business had few direct competitors online when it began, and virtually none from Australia. Now, there are dozens.
- *Google was new.* Back then, search engine optimisation (SEO) was considered a dark art and if you understood even the most

rudimentary SEO principles, you could get your site on page one. Now, you need to be an SEO ninja to get close, especially if your site is new.

- *People were not as savvy.* While 300-page hardcopy books struggled to sell for \$30, you could sell a 60-page eBook for \$60. Now, we practically pay people to download our eBooks.
- *Lower costs.* Getting a basic website up in 2006 cost well over \$5000 (or whatever the web consultant figured they could get away with) so only those who were committed or had a geeky cousin in IT were prepared to invest in one. Now, basic websites are virtually free.

That's not to say you can't succeed online now because the 'conditions aren't right'—of course you can—but the point is that the conditions that existed then don't exist now. The rules have changed—dramatically—and to act as if they haven't will most certainly lead to failure.

That may sound like bad news, or like you've 'missed the boat'. But it's not and you haven't. The reality is we are living in the most transformational time in history and the potential to create a wildly successful online business has never been better. Here's why.

Why now is a great time to be an online entrepreneur

It's never been cheaper or easier to set up an online business, and the opportunities to make money from an online business have never been so plentiful.

As mentioned earlier, websites are much cheaper now; they're often even free. A personal assistant, which used to cost \$4000 a month, now costs \$400. A video camera, which used to cost \$3000, now costs \$30 per month, or it's free, depending on which phone plan you're on. A tiny newspaper advertisement that reached a sliver of the target market would cost \$2000. Now it costs \$200 or \$20 or even \$2 if

you advertise on Facebook. The cost efficiencies are everywhere to be found and a cornucopia of opportunities await those who dare to dip in.

The long tail prevails

While you may not be able to sell a flimsy eBook for \$100 anymore, or a piece of Jesus-shaped Nutri Grain on eBay for the price of a small Sydney unit, what you do have to sell can now be offered to a global audience. What you lose on the margin you make in the volume and it's the profitable niches within niches that are making online business very exciting.

Now more than ever your quirky little passions or hobbies can find a flourishing home online. All you have to do is create a product that helps solve a very specific problem and you've got a ready-made market that's easy to find and hungry for knowledge. For example, if you love dogs and want to create a doggy-related business, instead of focusing on dog care in general, you can drill down to create niche products like 'grooming care for labradoodles' or 'exercises for ageing labradors' or 'Halloween costumes for dogs'.

Maybe you're into naturopathy or health care for women, so instead of being all things to all women, you could focus on products and services for 'women over 40 who can't get pregnant' or 'women with alopecia' or 'gluten-intolerant women with breast cancer'.

Even if only 20 per cent, or even 2 per cent, of these markets may be interested in what you have to offer, that's still 20 per cent or 2 per cent of a global audience, and you can easily find where they reside online, which means you only pay for those you want to reach. And what's more, you know what they want so you can create a product that speaks to them directly, which means they're more likely to buy what you have.

Riches in niches

Then, of course, you've got your novelty niches like an entire cruise dedicated to vampire fanatics. Or breakable dishes specifically designed to be thrown at walls to vent your anger, miniature diapers for birds, nude wedding celebrants, and much more.

And sadly, as new lifestyle and social problems crop up, new products and services need to be created. Problem gambling has never been worse in this country, which creates the need for all sorts of products to help gamblers and their loved ones deal with the addiction and its associated problems.

Bullying, and in particular cyber bullying, has spawned an entire category of eBooks, online support groups and coaching programs for parents and teachers.

All these groups can now be found very easily online, where purchasers will eagerly devour high-quality information products and services and pay good money to get them.

It wouldn't be right to talk niches without mentioning Facebook, the preferred destination for all things weird and wonderful. Here are just a couple of bizarre Facebook groups that actually exist, which demonstrates that the 'long tail', as predicted by Chris Anderson in his book of the same name, is well and truly in force:

- ***Accomplishing something before the microwave reaches :00.*** Apparently, more than 1 300 000 people are obsessed about finishing some task before hearing the microwave beep. The mind boggles at the vast array of eBooks you could develop for this group, but 'get-a-life' coaching packages come to mind.
- ***Dear Pringles, I cannot fit my hand inside your tube of deliciousness.*** This Facebook community has more than 1 000 000 fans and is dedicated to those who can't fit their hands inside a Pringles tube. Clearly, the members of this group have oversized extremities so maybe 'big man' shoe stores or fluid-retention tablets could be the go for these poor souls. Anyway, you know what they say about people with big hands. Yeah, big gloves.

It may be harder these days to get on page one of Google. You may have to drop your prices a tad to be competitive. You will have to demonstrate some credibility to combat the onslaught of a global marketplace. You may have to work a bit harder to create quality products or services.

But when you consider the global opportunities that now exist for new, odd and eccentric business ideas, and the fact that the democratisation of information, resources and technology now enables businesses to get started within minutes, it becomes clear that the world of online entrepreneurship has truly become an Aladdin's cave of possibility. Anyone, anywhere, with even a modicum of energy and enthusiasm can become a successful online entrepreneur. Will you be one of them?

Why this, why them, why me?

When it comes to business books, I'm as inspired as everyone else about the uplifting stories told by Eric Ries (*The Lean Startup*), Ben Horowitz (*The Hard Thing About Hard Things*) and Peter Thiel (*Zero to One*).

But occasionally I've looked for books about Australian entrepreneurs and could rarely find one. Books that gave me an Australian perspective, in an Australian voice, telling me how a regular person like you or me from St Kilda or the Sunshine Coast or Toongabbie took on Harvey Norman or Coke or Elance, and won. They were the stories I wanted to read. So that, dear reader, is why I wrote this book.

Why this?

This book was written for Australian business owners, about Australian business owners, by an Australian business owner.

I chose specifically to interview Australian (and not American) online entrepreneurs for a couple of reasons. One, because we all know the back stories of those internet superstar heroes – Mark Zuckerberg (Facebook), Sergei Brin (Google), Jack Dorsey (Twitter) and Steve Jobs (Apple) – and the breathless stories of how 18-year-old Silicon Valley brainiacs barely out of high school became multimillionaires overnight by building apps that go nuts on the NASDAQ.

We know all those stories, and they're great, inspiring and uplifting, but they're *American* stories for an *American* market, a market with more than 316 million people.

We live in Australia with a tiny market of just over 23 million people, so by definition we have to do things differently. Sure, we live in a global economy and the world is theoretically 'our oyster', but for most Aussie online entrepreneurs starting out, Australia is our first port of call and, generally speaking, for all sorts of budgetary and practical reasons, the product has to work here before we start looking overseas.

Tip

We live in Australia with a tiny market of just over 23 million people, so by definition we have to do things differently.

That's why I thought it would be great to hear the stories of how some of our most famous online entrepreneurs got started: people you may not have heard of, but should hear about; people who turned an ordinary idea into an

extraordinary business and made a fortune in the process, right here in little old Australia; people who started their businesses in their mum's spare bedroom, or at the kitchen table, or in the garage, and became an internet sensation. Surely they're stories worth telling, right?

Why them?

Here's just a snapshot of some of the Aussie online entrepreneur stories you'll discover within these chapters.

- Matt Barrie, co-founder of Freelancer.com, who purchased a series of websites and turned them into one of the world's most successful outsourcing marketplaces, disrupting dozens of industries in the process and facilitating global access to a host of low-cost web, IT and creative services for a fraction of their usual cost.
- Gabby Leibovich, co-founder of Catch of the Day, who started selling dresses, bags and accessories at a suburban Melbourne market, graduated to selling on eBay and is now on track to turn over \$1 billion via his Deal of the Day sites.

- Jodie Fox, who combined her passion for shoes and problem feet to create one of the world's first 'design-your-shoes-online' sites (Shoes of Prey) and now has factories in China making bespoke shoes for women the world over.
- Brian Shanahan, co-founder of Temple & Webster, an online homewares shopping club, who parlayed his experience at KPMG, eBay and Gumtree to create this industry-disruptive site and now sells, among other things, more bedheads in one week than David Jones sells in one year.
- Dean Ramler, co-founder with Ruslan Kogan of online furniture store Milan Direct, who started his business with \$10 000 and now has more than 300 000 customers.
- Daniel Flynn, the 26-year-old who, with his co-founders, went head-to-head with Coke to sell his bottled Thankyou Water and funnels all profits back into third-world nations to become one of Australia's leading social entrepreneurs in the process.
- Tony Nash, co-founder of Booktopia, who transformed his internet marketing consultancy into a \$40 million online bookstore success, offering a much-wanted Australian alternative to Amazon.
- Stephanie Alexander, restaurateur extraordinaire and author of Australia's favourite cookbook *The Cook's Companion*, who 'went digital' to create one of the most extensive cookbook apps possibly ever created.
- John Winning, founder of one of Australia's biggest online success stories, Appliances Online, who successfully took on the big boys of big box retailing by offering 'extreme customer service'.
- ... and many, many more.

Why me?

So why did I want to interview these people and make this information available to the wider world?

Well, the answer is simple and, quite frankly, self-serving. I wanted to find out what their success secrets were so that I could apply them to my own business, of course! And the only legitimate way to gain access to do that was to write a book. ‘How devilishly devious,’ I hear you say.

Sure, I could have attended a few university lectures in online entrepreneurship, or read some economic research reports, or enrolled in a masterclass with consultants (and no offence intended to university lecturers, economists or consultants—I’m two out of the three!), but when I want to know what works and what doesn’t I want to get my information from those who have skin in the game.

I asked all the hard questions you would have wanted me to ask, and I followed those up with a few dozen more because I really, really wanted to know the answer to not just *why* they did it, but *how* they did it. If you don’t like ‘how-to’ books, stop right here because this won’t be for you. If you do, then read on because you’ll learn how you can apply the lessons to your business too.

In addition, I’ve spoken at or facilitated at dozens of small-business forums, conferences and events over the past six years and I discovered that the same questions that I was asking kept coming up from the audience—questions that people simply didn’t have answers to, or if they did, they didn’t have the tools and techniques to implement them. Clearly, there was a massive gap between what the business books and academic theorists tell you to do, and how you actually do it!

The questions were broad in range, but they were all relevant to online business. Take a look at the few I’ve listed here and see if any of them resonate with you. If they do, you’ll find the answer to them in this book.

Questions such as, how can I:

- build an online business?
- take my existing business online?

- turn my hobby or passion into an information product?
- turn my service into a product?
- research to find out if a topic is hot or not?
- find customers to buy my product?
- set up a website that won't cost me an arm or a leg?
- drive traffic to my site?
- source product from China?
- get an eBook made cost-effectively (and what's an eBook anyway)?
- build my database?
- get my emails read?
- source investors?
- hire a team of people to do stuff I can't do?
- know when it's time to employ staff?
- make a profit out of what I sell?
- find a point of difference that's not based on price?
- monetise my blog?
- make social media pay its way?
- compete with the cheap products from China?

...and the questions continued – these and dozens more like them.

This book also outlines in their own words how these entrepreneurs got started, why they got started, how they built their businesses, what they did right, what they did wrong, what they'd do differently and a host of other things that anyone in business would love to know about.

Like many self-made men and women, the entrepreneurs don't look back to kick over the traces of how they've done it – they're too busy getting on with it – so I did the kicking over instead.

I interviewed the entrepreneurs at length, many of them more than once. I visited some of them at their offices, their factories and their warehouses and saw their businesses in action and their people at work. I looked at what they did, how they did it and how they interacted with their staff. I compared what they did with the way other entrepreneurs do things. I looked for the patterns of behaviour, the questions they asked of themselves, their staff and the business, the assumptions they made and the risks they took. I looked at what they did that others don't do. I found out what they valued and what they didn't; what they measured and how they managed it.

What I received was a fascinating, privileged insight into the worlds of some of Australia's most successful and innovative businesses – and the reasons why they are successful. Those reasons are to be found in this book.

When I asked Darren Rowse, one of my interviewees and founder of ProBlogger (www.problogger.net), why he started his blog (a blog that has gone on to attract more than five million readers per week), he said he 'wrote the blog he wanted to read'.

Well, I wrote the book I wanted to read.

I hope it's a book you want to read too.

INTRODUCTION

Hell, there are no rules here – we're trying to accomplish something.

Thomas A. Edison

The state of play

It's Friday night. It's hot. The kids are swimming in the pool.

The mums, sipping wine, are gathered around the white stone-top bench, a feature in almost every middle-class, suburban Australian household. They're nibbling on crackers, dip and cheese, musing over the week that was.

Michelle, the owner of the house, is scrolling on her iPad, distracted.

'What are you looking for?' I ask.

'A dress. I've just been invited to the races tomorrow and I want something new to wear.'

'The shops will be shut in one hour's time,' I say helpfully.

'I know. I'll buy it from this online store in South Melbourne,' she responds, sliding the iPad over to me.

'They deliver within the hour and I can return it if it doesn't fit and get another one sent over, free of charge. Not bad, huh?'

‘Really?’ I murmur.

‘Yeah, I use them all the time. You should check them out. I’ll email you the link.’

That conversation, and millions like it, is being held all over the world in kitchens, coffee shops, bars, pools and pubs, and they’re not just talking about a dress, but everything that we use and consume in our daily lives.

And it’s conversations like this that make traditional retailers nervous. Very nervous.

Who’s *not* shopping online?

When people like Michelle—a conservative, middle-aged woman with a passing familiarity with computers—migrates to shopping online, bypassing the traditional high-street traders that have been the go-to fashion portal of choice for women like her for decades, what does it mean for those who’ve invested their life’s work and staked their retirement on building up and then selling their one- or two-store retail empire? How can they compete in a global market without killing themselves (figuratively speaking, of course) in the process?

The digital natives—the kids in the pool—have already migrated. No hope there.

So who’s left to prop up the high-street traders and the hard-top shopping malls? Is it the people like my mother—the ‘grey nomads’—those from the frugal generation who’ve resisted online shopping but who now just happen to be the fastest growing users of Facebook? What happens when people like my mother abandon the high-street mall due to old age, overpriced lattes, tricky knees and taxis that don’t turn up, and seize upon the convenience that online shopping provides? What then?

Will that be the proverbial ‘nail in the coffin’ that condemns these long-suffering high-street traders to oblivion?

No industry is immune

Of course, it's not just the retailers who are suffering. Services are suffering too.

Creative providers such as web designers, app developers, copywriters, graphic designers, coders, animators and editors are all feeling the pinch as educated consumers turn to outsourcing sites that provide the same, if not better, service at a fraction of the cost.

Bookkeepers, lawyers, accountants, admin assistants...they too are feeling the crunch from the online providers popping up to offer services that cut deep into the ever-diminishing margins of these 'professional service providers'.

Ethics aside as to whether we should engage with poorly-paid (by Western standards) outsourcing providers based in the developing world, the reality is people *are*. And there is no doubt the demand for these services is growing.

The kids will be all right. Or will they?

Once online shopping really hits critical mass (it hasn't even touched the sides yet in Australia), how will it change the way we and, perhaps more importantly, our children live?

Where will our children get that all-important work experience that we got at Big W, Dad's office or Uncle John's car yard?

Where will they learn those tough but necessary lessons we've all had to learn about how to deal with the bad bosses, broken promises and borderline sociopaths who populate most companies (and who seem to pop up with surprising regularity in Finance and HR... or is that just me?).

What will become of our local street culture when every third shop in the main streets of every suburb displays that harbinger of doom: the 'for lease' sign? What will replace the video shop, the toy store, the book shop, the dress shop, the shoe shop? Another coffee shop? A tanning salon? A dog wash? What careers can our children look

forward to? Baristas for life? Nail-bar veterans? Pick-and-packers at a drop-ship warehouse?

If we're not part of the solution, are we part of the problem?

But before we go too much further, and before you judge me to be an armchair critic of online consumerism, I must declare that I am, without question, part of the problem.

I too like to snag a cheaper product if I can.

I too like the convenience of paying a bill online.

I too like to avoid the rush-hour commute to pick up a birthday present.

A local Melbourne council asked me to write and produce a 'vox pop'-style video for their website to encourage local business owners to buy local rather than shop online. That very same evening, I conducted a small-business forum for hundreds of the *same* business owners exhorting them to embrace the digital era and start thinking globally. The irony was not lost on me.

But aren't we all facing the same conundrum?

We want to support our local toy shop, but when the same toy costs 20 per cent more from them than it does online, well, what are we to do? Take a bullet for the entire Australian economy in the hope that everyone else will too? Fat chance. In today's tight economy, a 20 per cent premium is too much to pay for supporting a local store, even if the toy does come gift-wrapped.

We all want our children to have satisfying jobs, full-time employment and the benefits of a flourishing economy.

But does it mean they have to study the STEM subjects (science, technology, engineering and maths), in which they have no interest, in order to stay relevant in a borderless marketplace that cares nought for race, creed or colour?

Why can't things be the way they were?

I've met thousands of business owners at my small-business marketing workshops and forums, and for a small but significant cross-section, they all have one thing in common: the hope that things will just 'return to normal', the way they used to be, whatever that was. But there *is* no normal anymore, and it's become quite clear that to keep a business afloat in the global marketplace today, and with the 'internet of things' upon us, the pace of life for them is about to pick up, not slow down.

Tip

Don't force your kids to do school subjects they don't love just so they get a job in the future. Just make sure they do either science, technology, engineering or mathematics (STEM).

This resistance to embracing the digital age is embedded in the faint hope that we can hold onto the control we used to have. Control over the customer. Control over the conversation. Control over our destiny. But we can't. Control is gone, forever...if we ever had it at all.

What's the future of business, any business?

There is hope. And it comes from someone who knows: Paul Greenberg, executive director of NORA (National Online Retailers' Association) and co-founder of Deals Direct (www.dealsdirect.com.au), Australia's first online department store and one of Australia's first big online success stories. His expertise lies in the area of retail, and whether we like it or not, we are all retailers no matter what we sell, so his advice is pertinent for all businesses. He firmly believes that the days of the pure-play retailers—those with no physical presence—are coming to an end, and that signals good news for everyone, especially the retailers at the coal face. Paul says:

Customers are rewarding multiple touch points so I'm afraid even the pure player online needs to start looking at some physical

presence. Arguably the sweet spot for the new retailer is the intersection between the physical and the digital world. This will be the Holy Grail for the next few years in my view.

Sometimes we want to shop online, sometimes we want to shop on our mobile device, and it's this increased mobility that's changing the rhythm of retail. Sometimes we want to come into a store and commune, to have a look, have a bit of a touch and feel. Sometimes I want to come to a warehouse and pick up my stuff if I make a big order.

As a retailer you need to ask, 'How can I reasonably, efficiently and profitably provide multiple touch points to the customers?' I think those retailers that are engaged in the journey will continue to thrive.

What's Gucci doing?

It's instructive to notice what early adopters and trendsetters like the European fashion houses do when it comes to combating the threat of online retail. Luxury brands such as Balenciaga, Louis Vuitton, Gucci and Prada – and closer to home, Sass & Bide, Bassike and Dion Lee – are clearly leading the charge here in creating not

As a retailer you need to ask, 'How can I reasonably, efficiently and profitably provide multiple touch points to the customers?'

Paul Greenberg

just multiple touch points but in-store multisensory experiences. We can clearly learn from what they're doing and either adopt their strategies or at least modify them for our budgets and keep the essence of the lesson.

These temples of luxury are no longer just backdrops to the clothes or places for dresses to hang, but immersive branding experiences designed to offer customers a money-can't-buy event that online shopping can never provide.

Paul Greenberg of Deals Direct says:

The architecture, lighting, fit-out and layout of the luxury boutique is now a star in its own right, and plays an integral role in the storytelling behind the brand's artistic integrity and, importantly, delivers a 'sensory experience' that cannot be delivered online.

This experience of touching, trying and smelling an object can never be replaced and while many of the larger chains are struggling to implement change, these high-end brands are taking it to another level.

Whereas shopping used to be considered something you *had* to do, now it's a form of entertainment for the whole family, almost replacing the role that Sunday church once played. Paul says:

The mall has morphed into a destination rather than a stop-along-the-way: the public face of the brand and a place where art installations, curated exhibitions and windows featuring live action are commonplace.

Andy Warhol was right

In the 1960s, artist Andy Warhol famously predicted that all department stores would become museums and all museums would become department stores, so it's interesting to witness the National Gallery of Victoria and how its museum shop now collaborates heavily with leading local and international artists, designers and makers to offer unique contemporary products.

And in a sublime counterpoint, many of Sydney's arty set will recall French luxury brand Hermès bringing its travelling exhibition 'Festival des Metiers' to the Museum of Contemporary Art, giving visitors the opportunity to watch eight Hermès craftsmen execute their work firsthand for free. These included an up-close demonstration of the famous Hermès silk scarf printed right before their eyes, and the chance to meet the leather craftsmen who make the brand's renowned Birkin bags.

An online walk-in store

Consider Sneakerboy, a walk-in online store based in Melbourne that displays a large range of sneakers from high-fashion labels such as Balenciaga and Givenchy, to special limited editions by Adidas and Nike. Yes, you read correctly. An online store you can walk into. There's no stock, no cash, no till and no product to take home. All that's needed to make a purchase in the store is a smartphone (or one of the in-store iPads) and a Sneakerboy ID. The rest of the available

space is dedicated to the range of shoes, which means Sneakerboy can boast a larger range of stock on a much smaller footprint.

Sneakerboy Melbourne is at the cusp of this retail revolution and even pure-play retailers such as eBay are getting in on the experiential act. Not too long ago, I was in Sydney at Circular Quay when eBay had a pop-up store on the foreshore, with fully decked-out kitchens, bedrooms and lounge rooms stocked with eBay items for sale. Each room contained actors – a teenager in his bedroom playing guitar, a middle-aged couple in the kitchen cooking a cake, two young girls playing with a dollhouse – while staff in eBay shirts strolled around, iPad in hand, to help out those who saw something they liked so they could buy it then and there.

While not everybody will like where retailing is headed, the fact remains that existing bricks and mortar have to accept that change is inevitable.

Paul Greenberg says:

The pure-play days are over. Multichannel is the way to go. In fact, we shouldn't even refer to them as 'channels' any more. It's a multiple touch-point model. It's the 'new retail'.

This is good news for everyone, especially the retailers on the high street. They may not like where retail is headed but they can at least take comfort from the fact that the rumours of the death of retail are exaggerated.

Paul adds:

The future can be bright for retailers, but they have to start changing their ways, their thinking and outlook. They have to think local but act global, and they have to embrace the digital age with gusto.

Today, the future of business is online business. And, just quietly, the title of this book is out of date already. It was before I even started writing it. You see, there is no online business. There's just business. We're all online, but as in *Animal Farm*, some of us are just more online than others.

The 7 steps to creating a wildly successful online business

You can't conduct in-depth, probing interviews with dozens of online entrepreneurs without learning something; without seeing some patterns at work and similarities in the way they operate. In fact, what I discovered is that there are seven basic steps involved in the creation of an online business. Yes, this is a complete oversimplification and the claim does not do justice to the immense skill it takes to operate a business. But, on a very simplistic level—and I use my own online business as the template—you can see that when you overlay these seven steps onto any online business, the model stacks up. Let me demonstrate them using my own online business as a model.

As you will see, when I built my online business, it was as a result of a random series of steps that were in no way, shape or form planned, ordered or considered. The business succeeded more due to good luck than good design. However, in retrospect I can see that I was in fact doing 'all the right things', even if I didn't know it.

In my example of the seven steps I'll outline the principle and give a brief overview of what the principle means and then I'll describe how I inadvertently followed that principle when I built my business.

I believe this 'overlaying' approach will assist you in your business because it's easier to see how this model works for a simple business than a complex business, but the principles remain accurate and relevant no matter what size or type of online business you run. You'll also see how the entrepreneurs used this same seven-step pattern to build their business, which is why the book is presented in seven chapters. Each chapter represents a separate step.

7 steps to creating a wildly successful online business

Here's a seven-step process for creating, building and operating a successful online business.

Step 1: Purpose

You need to get clear on the 'why'. What is your reason for wanting an online business? When you've got your first answer, ask 'why' again, and then ask it again. Asking the '3 whys' really gets you to the nub of why you want or need something.

My 'why' was very clear. I wanted a lifestyle business to replace the income I had foregone as a result of choosing to be a stay-at-home mum, and to have a portable business that could be accessed from wherever I was. My 'why' was also deeply important on a personal level. If my online endeavour didn't work, I would have had to travel extensively in order to run my consulting and training business—something I didn't want to do.

Tip: It really helps to have a burning 'passion' behind wanting an online business. Without it, the inevitable headaches, hassles and heartache could lead you to give up, accept defeat and say, 'It's just not worth it'. Find a reason that matters deeply to you.

Step 2: People

You need to build a team around you that will support your vision, provide expertise you don't have and hold you accountable.

I had my small but trusty team of contractors who helped me build the business: a virtual assistant (VA), a graphic designer, a web developer, a printer, a videographer, a video editor, a photographer and the obvious support staff such as accountants. In addition, I had my clients, who had already bought the product before it was finished (more about this in chapter 3). What they did was hold me accountable. Without that pressure to finish the product (from people who had already bought it but had not been given the full product) it's quite possible I would have given

up on the project entirely. Either commit yourself financially to the project so that there's no backing out, or commit yourself emotionally (to your clients, or in a public statement) to ensure that you step up and make it happen.

Step 3: Planning

You need to be confident in what you're selling: that it has a market, that the prototypes work and that testing has been conducted using a Minimal Viable Product (MVP) that real people have paid real money for.

Little did I realise, but I had been testing my online offering via the face-to-face courses I had been running for years. I had built a substantial database. I had run the short courses so I knew who was in my target market. I had tested the content, and I knew what worked and what didn't. I had bootstrapped the business and knew that investing further in creating an online version of it was a gamble that was likely to pay off.

Step 4: Profit

You need to know that what you're offering has a target market that's able and willing to pay your price, that the demand for what you offer is in a growth phase, that you're not differentiated by being the lowest priced, and that it is difficult for others to easily replicate what you do.

Unbeknown to me, copywriting was about to become a boom business due to an explosion in the need for websites, blogs and online content. Equally unknown to me was the fact that it was very difficult to access copywriting training unless you worked in the advertising industry. As a result, demand for my product was high and competition was minimal. Also working in my favour was that the product was not easily compared with others vis-a-vis its price or its content, so my success was based on how well I could write the copy and position the concept of becoming a freelance copywriter. Equally important was the fact that my expenses were low (just printing, some

(continued)

7 steps to creating a wildly successful online business (cont'd)

contractor work, web hosting and my time delivering the coaching calls to my students), enabling me to maximise my profit.

Step 5: Positioning

You need to demonstrate credibility, provide third-party proof that you are as good as you say, answer every question the customer has about the product (before they buy it), make it easy for them to buy, offer an iron-clad money-back guarantee and prove that you are a real business with real premises.

This was my strong suit. I had a library of video testimonials from happy clients I had filmed at my face-to-face courses. I was endorsed by industry associations. I had a 100-per-cent money-back guarantee. I had an extensive FAQ on my website, loads of resources and blogs that I had written to demonstrate my expertise and the physical evidence that I was a going concern: a landline phone number, a street address, an email address and photos of me, my events, my students, and more.

Step 6: Profile

You need to have an online identity that reflects who you want to be and how you want to be seen, great content that operates 24/7 selling your business while you can't, and a website that ranks well on Google.

I was on page one of Google for my preferred search terms, the absolute jewel in the crown that made my business so successful early on. I had loads of speaking engagements, which helped increase my profile while I was building my database. I had videos of myself on YouTube. I was blogging for others and had marketing columns in industry magazines and online journals.

Step 7: Promotion

You need to be able to market your business using PR, print, social media, events, email and content marketing and a

raft of free resources to offer in exchange for the prospects' contact details.

I had a good, strong website with lots of content and strong backlinks to reputable organisations. I got extensive PR through sheer luck and timing and received highly positive news stories. I wrote persuasively, and I wrote often: emails, blogs, stories, video scripts, slide decks. I had a big database with a robust CRM system and wrote segmented emails to different audiences to match their needs. I was creating content before the word 'content' even existed as a marketing term. Salesmanship in print.

Imagine what I could have done if I had known what I was doing!

So there you have it. My self-styled seven-step process, which I found, retrospectively, worked very well for me. When I overlay those seven steps on the businesses of the entrepreneurs I've interviewed, the model stands up well.

The purpose of this outline is to 'shine the light' on the steps I and others have taken to bring an online business into reality. You may have already started your business, but you might see that you're missing one or two steps. Maybe you've already got a successful offline business and you want to retrofit the steps to fit where you're at.

Or maybe you're just starting out and you have a clean slate to start with. You can attack it in any order that makes sense to you. There is no right way to do it, but here's a small tip: you'll get better results if you follow all the steps in the prescribed order.

So here's your chance to get started. Your first step awaits you: finding your purpose. Why do you really want an online business? Take a look at how some of Australia's most successful online entrepreneurs found their vision and purpose and how they translated that into actionable steps to get their business off the ground.

Tip

There is no right way to do it, but you'll get better results if you follow all the steps in the prescribed order.

THE AUTHOR'S STORY

I was born in Elizabeth, a little town about 30km north of Adelaide, South Australia. It has the dubious distinction of being regularly voted South Australia's 'most dangerous suburb'. In hindsight, this was a brilliant training ground for the argy-bargy worlds of advertising, acting and public speaking, the three pillars underpinning the mosaic of what I amusingly call 'my career'.

After watching too many episodes of the American sitcom *Bewitched*, I decided upon advertising as my career of choice, a back-up plan in case my acting career didn't work out (a wise move in retrospect).

Having completed a business degree and endured 22 years of 'Girl from Elizabeth' jokes from well-meaning friends (*What do you call a girl from Elizabeth in a white tracksuit? The bride. What's the first question to get asked at a trivia night in Elizabeth? Whaddayou lookin'at?*), I escaped...I mean...left Elizabeth for greener pastures and took up a once-in-a-lifetime opportunity to work as a marketing manager for a computer company in the United States.

Upon returning to Australia I landed the job of my dreams in shiny, happy Sydney, and became an account director and then copywriter with Wunderman Cato Johnson, the direct marketing arm of the multinational advertising agency Young & Rubicam where I worked on campaigns for Apple, American Express and Optus, to name a few.

I had a brief but formative stint as a celebrity publicist with Harry M. Miller and later achieved my gone-but-not-forgotten lifetime goal

to study acting when I was accepted into the prestigious Victorian College of the Arts. Unsurprisingly, it was nothing like *Fame* and I never did get to channel my inner Irene Cara (or wear striped leg warmers and dance on car roofs), but it did lead to some fun jobs working on *Neighbours*, *Blue Heelers*, *The Games*, *Winners and Losers*, and *Jack Irish*.

I supplemented those meagre earnings with marketing consultancy, corporate training and lecturing at various tertiary institutions, including the University of Melbourne and RMIT University, and spent whatever I earned gallivanting around the world, making short films, producing and acting in plays and having a jolly good time. Just as my ovaries were reaching their 'best before' date, I stumbled upon a delightful man, who despite popular opinion, thought I'd be a good person to marry.

After having a child at the ripe old age of 40, I realised quite late in the piece that maybe a house-bound job was best for this phase of my life, so I converted my popular *Copywriting for Profit* writing training course into an online course, which kick-started a career in online entrepreneurship. As I built the business, I got to thinking: 'I wonder how all the proper business people run an online business?' so I went and interviewed them. That led to the creation of my online video series *Secrets of Aussie Online Entrepreneurs*, currently airing on *The Age* and *The Sydney Morning Herald* websites, and that show led to this book. I enjoyed writing it. I hope you enjoy reading it.

PS: I often go back to visit family in Elizabeth and to soak up the 'atmosphere'. If you're ever in the neighbourhood, stop by and say hello. Just remember to bring your flak jacket.

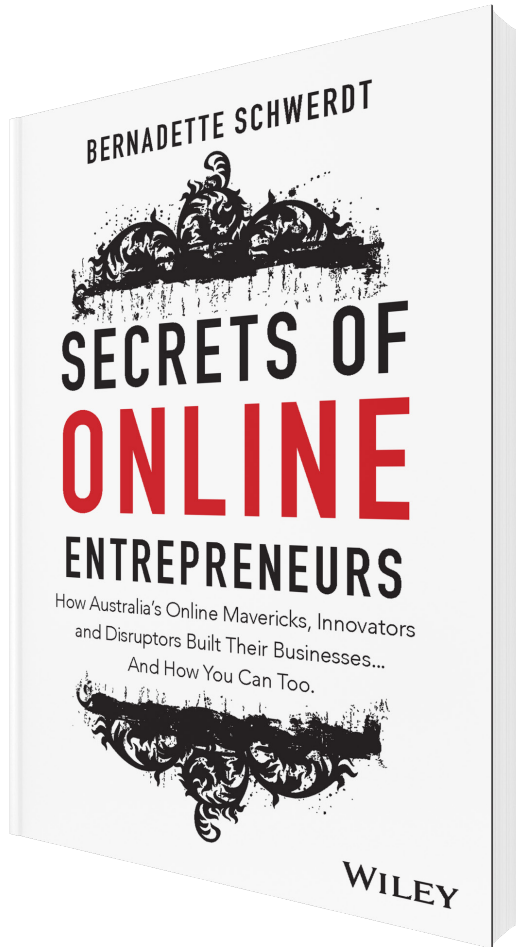
www.bernadetteschwerdt.com.au

www.copyschool.com

We hope you have enjoyed this sample from

Secrets of Online Entrepreneurs

by Bernadette Schwerdt



Click on the book for more information

ISBN: 9780730320340
Available May 2015
RRP AU\$29.95 / NZ\$33.99

[Buy it now!](#)

WILEY

HERE'S HOW TO KICKSTART YOUR ONLINE BUSINESS

DISCOVER THE 7-STEPS
TO CREATING A WILDLY
SUCCESSFUL ONLINE
BUSINESS.

- Not sure how to get your online business started?
- Can't work out what product to sell, how much for or who to?
- Want access to videos, transcripts, webinars and tip sheets to help you build your online business?

If you've been inspired by some of the stories you've read in this book and would like to learn more about creating a new online business, or taking your existing business to the next level, watch these videos!

Watch the free 3-part video series:
'Getting Started As An Online Entrepreneur'

www.bernadetteschwerdt.com.au/coaching

FREE!
3-part video series



LEARN HOW TO WRITE COPY THAT GETS RESULTS

IT'S A FACT.
GREAT COPY LEADS
TO HIGHER SALES.

- Want to learn how to write web copy, blogs, sales letters and more?
- Tired of writing copy that never converts?
- Want the formulas, templates and checklists all great copywriters use to write compelling content?

Did you know that most professional copywriters use formulas and templates to write their copy? If you'd like to get a swipe file of the top 20 formulas, tips and templates the world's most successful copywriters use then download this free report now.

Download the free 10-page report:
'The Top 20 Copywriting Formulas, Tips and Templates'

www.bernadetteschwerdt.com.au/howtowrite

FREE!
Swipe File



Connect with WILEY ▶▶▶

WILEY

Browse and purchase the full range of Wiley publications on our official website.

www.wiley.com



Check out the Wiley blog for news, articles and information from Wiley and our authors.

www.wileybizaus.com



Join the conversation on Twitter and keep up to date on the latest news and events in business.

[@WileyBizAus](https://twitter.com/WileyBizAus)



Sign up for Wiley newsletters to learn about our latest publications, upcoming events and conferences, and discounts available to our customers.

www.wiley.com/email



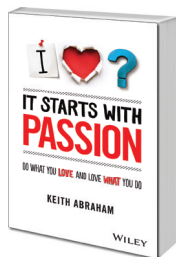
Wiley titles are also produced in e-book formats. Available from all good retailers.

WILEY

Learn more with practical advice from our experts



The New eBay
Todd Alexander



It Starts With Passion
Keith Abraham



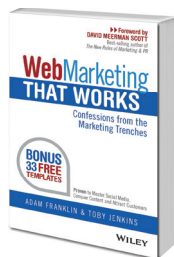
Flee 9-5, Get 6-7 Figures and Do What You Love
Ben Angel



UnProfessional
Jack DeLosa



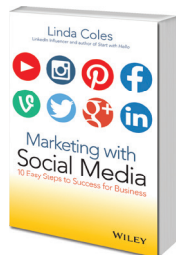
Tips For A Successful eBay Business
Todd Alexander



Web Marketing That Works
Adam Franklin and Toby Jenkins



How to Succeed in 12 Months
Serena Star-Leonard



Marketing with Social Media
Linda Coles



How to Retire in 12 Months
Serena Star-Leonard

Available in print and e-book formats



WILEY

First published in 2015 by John Wiley & Sons Australia, Ltd

42 McDougall St, Milton Qld 4064

Office also in Melbourne

Typeset in 11.5/14pt Rotis Serif Std by Aptara, India

© Bernadette Schwerdt 2015

The moral rights of the author have been asserted

National Library of Australia Cataloguing-in-Publication data:

Creator:	Schwerdt, Bernadette, author.
Title:	Secrets of Online Entrepreneurs: How Australia's Online Mavericks, Innovators and Disruptors Built Their Businesses... And How You Can Too.
ISBN:	9780730320340 (pbk.) 9780730320364 (ebook)
Notes:	Includes index.
Subjects:	Successful people – Australia – Anecdotes. Electronic commerce – Handbooks, manuals, etc. Internet marketing – Handbooks, manuals, etc. Business enterprises – Computer network resources. Success in business.
Dewey Number:	658.872

All rights reserved. Except as permitted under the *Australian Copyright Act 1968* (for example, a fair dealing for the purposes of study, research, criticism or review), no part of this book may be reproduced, stored in a retrieval system, communicated or transmitted in any form or by any means without prior written permission. All inquiries should be made to the publisher at the address above.

Cover design by Wiley

Cover image by © retrorocket/iStockphoto.com

Printed in Singapore by C.O.S. Printers Pte Ltd

10 9 8 7 6 5 4 3 2 1

Disclaimer

The material in this publication is of the nature of general comment only, and does not represent professional advice. It is not intended to provide specific guidance for particular circumstances and it should not be relied on as the basis for any decision to take action or not take action on any matter which it covers. Readers should obtain professional advice where appropriate, before making any such decision. To the maximum extent permitted by law, the author and publisher disclaim all responsibility and liability to any person, arising directly or indirectly from any person taking or not taking action based on the information in this publication.



Secrets of Online Entrepreneurs is the ultimate how-to guide for creating, growing and selling an online business.

Through in-depth interviews with many of Australia's greatest online entrepreneurs, author Bernadette Schwerdt reveals the secrets behind their success – what they did right, what they did wrong, what they would do differently, the challenges they faced and how you can achieve their success.

You'll discover how to:

- create an epic online business using a proven 7-step process
- identify industries that are ready for disruption
- turn your favourite hobby or great idea into a lucrative business
- build your personal brand and gain media coverage
- generate global attention without leaving home
- monetise social media.

Packed with useful tips, tools and techniques for setting up and maintaining an online business, *Secrets of Online Entrepreneurs* is a must-read for both budding and experienced entrepreneurs.

BERNADETTE SCHWERDT is the director of the Australian School of Copywriting, an entrepreneur, an advertising copywriter, and a university lecturer. She is currently the executive producer and presenter of the online video series *Secrets of Aussie Online Entrepreneurs* as featured on *The Age* and *The Sydney Morning Herald* websites. Find out more at www.bernadetteschwerdt.com.au




Cover Design: Wiley
Cover Image: ©retrorocket/iStockphoto.com

Subscribe to our free Business eNewsletter at
wiley.com/enewsletters

Visit wiley.com/business

WILEY

 Also available
as an e-book

BUSINESS

