

# Teacher Notes



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# About

## Small Business Secrets

Small Business Secrets is a weekly SBS program shining a light on the small business owners and innovators playing a vital role in Australia's economic growth. Small to medium enterprises (SMEs) make up 97% of Australian businesses, making them the backbone of the Australian economy. The program uses case studies to offer tips and insights into the roller-coaster of conceiving and running a small business.



*Small Business Secrets host Ricardo Gonçalves*

## Teacher Notes

These SBS Learn teacher notes are structured around ten short clips from the Small Business Secrets television series. While the stand-alone clips have been selected to serve as meaningful stimuli for classroom learning, teachers and students are also encouraged to consider them in the context of viewing the full-length episodes.

There are numerous other wonderful case studies featured throughout the series: we encourage teachers to use similar activities as contained in these notes and apply them to other businesses featured in the show.

The teacher notes are organised in a classroom discussion format. Stimulus questions are offered, as are examples of student responses that model comprehension of the case study. There are also some extension activities outlined in the resource.

**Special thanks to:** Content in these notes was written by Melissa Losco, Mark Swainson and Jane Wong.

# Curriculum Links

The Key Learning Area (KLA) covered by this resource is Economics and Business for Years 7 – 10 as set out in the Australian Curriculum.

This resource also contains case studies and related activities for Years 11 and 12 that can be adapted to suit the various subjects offered to senior students in different states and territories.

## Year 7

Characteristics of entrepreneurs and successful businesses [ACHEK019](#)

The ways consumers and producers interact and respond to each other in the market [ACHEK017](#)

Why individuals work, types of work and how people derive an income [ACHEK020](#)

## Year 8

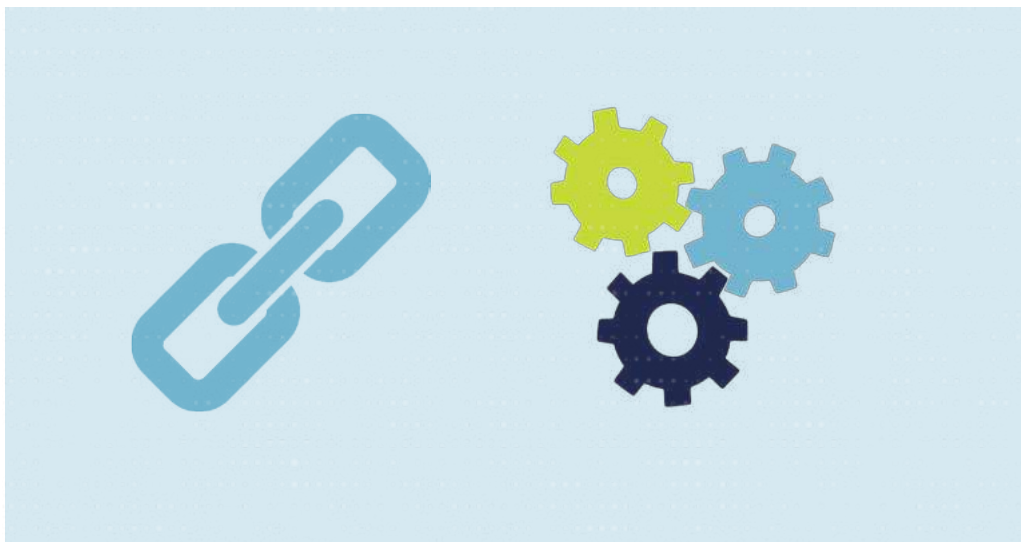
Types of businesses and the ways that businesses respond to opportunities in Australia [ACHEK030](#)

## Year 9

The nature of innovation and how and why businesses seek to create and maintain a competitive advantage in the market, including the global market [ACHEK041](#)

## Year 10

Factors that influence major consumer and financial decisions and the short and long-term consequences of these decisions [ACHEK053](#)



# Recommendations Before Viewing in the Classroom

As with all resources, teachers are encouraged to watch the associated clips before showing them to students.

- Set classroom ground rules: Setting classroom ground rules with your students before viewing is an important step in creating a safe space and helping develop mutual respect and understanding between the members of your classroom community.

## Examples of Classroom Ground Rules

### **Be Respectful**

Each person has their own beliefs and values.

### **Value Diversity**

Each person has their own world views, experiences and opinions.

### **Listen Politely**

Each person has a right to contribute without pressure or intimidation.

### **Act With Honour and Courage**

Be brave in sharing experiences, ideas and opinions.

### **Appreciate Privacy**

Each person has the right to uphold their privacy.

### **Act Responsibly**

Share feedback with thoughtful consideration and a positive attitude towards others.

As each classroom is unique, add any further rules that may be required.

### **Other ideas for consideration:**

- Encourage students to frame discussion comments as their own (as in “I think”) and avoid forceful language (such as “you should”). Also encourage students to draw on evidence from their viewing, and from further critical research, in shaping their responses – engaging with diverse perspectives, including Aboriginal and Torres Strait Islander perspectives, is key to formulating strong understandings and responses.
- When responding to others in classroom discussion or within the associated activities, encourage students to challenge ideas rather than people.
- Allow adequate time at the end of each viewing session to debrief the content, discussion and associated activities.



# Case Study 1

## Broadband Solutions, Sam Bashiry



### Learning Area:

Economics and Business

### Topic:

Running a Business

### Focus Area:

Being an Entrepreneur

### Outcomes:

Australian Curriculum: (Year 7) Characteristics of entrepreneurs and successful businesses [ACHEK019](#)

Australian Curriculum: (Year 7) Why individuals work, types of work and how people derive an income [ACHEK020](#)

### Teaching Context:

This video could be shown after the term “entrepreneur” has been introduced. Discuss questions and answers as a class.

# Discussion Questions



## QUESTION 1

**Describe the business idea that Sam Bashiry turned into a \$25m company.**

### **Suggested Answer:**

Sam Bashiry is the Director of Broadband Solutions, a multi-million dollar internet company providing internet access to 80% of hotels in Australia. It was his dream to start his own company. He did this as a young, 25-year old Iranian refugee, by purchasing a \$1000 router (secondhand) from eBay. This allowed Sam to create a network that was required when setting up internet for clients.

## QUESTION 2

**Why did Greg Ashmore (Sam's previous boss) think Sam was held back working in a sales company? Outline some reasons for being self-employed.**

### **Suggested Answer:**

Greg Ashmore could see that Sam was 'held back' working for other people and was paid just \$7.50 per hour. Greg could see an entrepreneurial spirit inside of Sam as he was hungry for more. Being self-employed allows business owners such as Sam the freedom to choose when and where they work, to be their own boss and have more control over their life. Business owners are highly motivated by the financial rewards that can be a result of starting your own business.

## QUESTION 3

**List the skills and personal characteristics that demonstrate Sam Bashiry as an entrepreneur. What other personal characteristics of entrepreneurs can you add to this list?**

### **Suggested Answer:**

The personal characteristics that demonstrate Sam Bashiry is an entrepreneur include:

- being self-motivated
- having the desire to succeed and,
- having no fear of failure

Other personal characteristics of entrepreneurs include: self-discipline, risk taker, logical decision maker, good communicator, sets goals, accepts responsibilities, takes advice, is willing to learn, deals with failure, gets on well with people, and has leadership qualities.

*(Source: New Concepts in Commerce, 3rd Edition, Jacaranda, S. Chapman and M. Freak, p328)*

# Case Study 2

## True Revolution Automotive, Bianca Timbers



### Learning Area:

Economics and Business

### Topic:

Running a Business

There are around a thousand female automotive mechanics representing 22% of the industry.

### Focus Areas:

- Entrepreneurs
- Competitive Advantage
- Gender

### Outcomes:

Australian Curriculum: (Year 7) Characteristics of entrepreneurs and successful businesses [ACHEK019](#)

Australian Curriculum: (Year 8) Types of businesses and the ways that businesses respond to opportunities in Australia [ACHEK030](#)

### Teaching Context:

Use this video clip during a lesson as a case study to highlight the gender imbalance in certain industries, and to show that this can be turned into a competitive advantage.



## Discussion Questions



### QUESTION 1

**What is unique about Bianca Timbers and her business 'True Revolution Automotive'?**

#### **Suggested Answer:**

Bianca Timbers is a female mechanic in a heavily male dominated industry. Whilst she was studying at TAFE, Bianca was the only female apprentice in her class.

Bianca opened her own business, True Revolution Automotive, where she performs the prime function of the business (mechanical repairs) and her husband performs the administration tasks.

### QUESTION 2

**Describe True Revolution Automotive's competitive advantage.**

#### **Suggested Answer:**

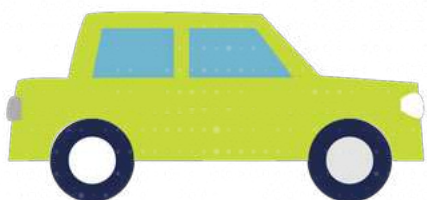
True Revolution Automotive's competitive advantage is that Bianca is a female in a heavily male dominated industry and her customers tell her they believe this makes her more empathetic and honest. Her business has grown via word of mouth referrals and social media. Therefore, she has not had to use traditional advertising methods.

### QUESTION 3

**What is a 'business plan'? How did Bianca learn how to write a business plan?**

#### **Suggested Answer:**

A business plan is a formal statement of business goals and a series of action plans used to achieve them. Bianca completed a nine month course in small business management to educate herself on what she needed to do to start True Revolution Automotive.



# Case Study 3

## Shoes of Prey, Jodie Fox



### Learning Area:

Economics and Business

### Topic:

Running a Business

Shoes of Prey lets people design and order custom shoes online.

### Focus Areas:

- Entrepreneurs
- Starting a business from scratch
- Customisation
- Personal cost of starting a business

### Outcomes:

Australian Curriculum: (Year 7) Characteristics of entrepreneurs and successful businesses [ACHEK019](#)

Australian Curriculum: (Year 9) The nature of innovation and how and why businesses seek to create and maintain a competitive advantage in the market, including the global market [ACHEK041](#)

### Teaching Context:

Use this video during a lesson as a case study to highlight how Shoes of Prey identified an opportunity in the market when starting a business from scratch.

## Discussion Questions



### QUESTION 1

**Describe how the business Shoes of Prey started.**

#### **Suggested Answer:**

Jodie Fox the co-founder of Shoes of Prey was working in the Banking and Finance industry whilst the two other co-founders, Mike and Michael, worked at Google. Jodie did not love the shoes that she could purchase “off the shelf”. On a stop over to Hong Kong she designed 14 pairs of shoes for herself and when they were delivered to her work, her colleagues wanted Jodie to design a personalised pair of shoes for each of them. She turned this idea into multi-million dollar business, which has since relocated to the U.S and has raised more than \$30 million in funding. Shoes of Prey has more than 12 base styles of shoe to choose from, which can be turned into numerous personalised combinations. The business has an impressive online presence.

### QUESTION 2

**Explain why customisation has become an increasing trend.**

#### **Suggested Answer:**

Customisation allows customers to design products and there is a growing trend towards mass personalisation of goods and services. 36% of consumers are interested in personalised products and services. 1 in 6 consumers have purchased personalised products and services. 1 in 5 consumers are interested in personalised products and are willing to pay a 20% premium. Other companies currently providing personalised products include Mon Purse and The Daily Edited. Personalised products are unique and appeal to specific needs of consumers. Shoes of Prey is both a retailer and manufacturer of personalised shoes on a mass scale. Technology has enabled the customer to easily design their own pair of shoes online.

### QUESTION 3

**Outline the personal ‘costs’ experienced by Jodie Fox as a result of starting a business from scratch.**

#### **Suggested Answer:**

Starting a business from scratch can take many hours and a significant financial investment. For example, the relocation of Shoes of Prey to Los Angeles in the United States of America would have resulted in high moving costs in the short term. Jodie Fox enjoys running the business, however has gone through a divorce with a co-founder of the business. She advises people to be mindful of prioritising aspects of your personal life and keeping them separate from the business.

## Follow Up Activity

### ICT Research [www.shoesofprey.com](http://www.shoesofprey.com)

Research the company Shoes of Prey and design a pair of shoes you personally would purchase. Assess the website for ease of use and the terms and conditions of this company compared to other online stores you currently purchase items from. Describe the target market for this company.

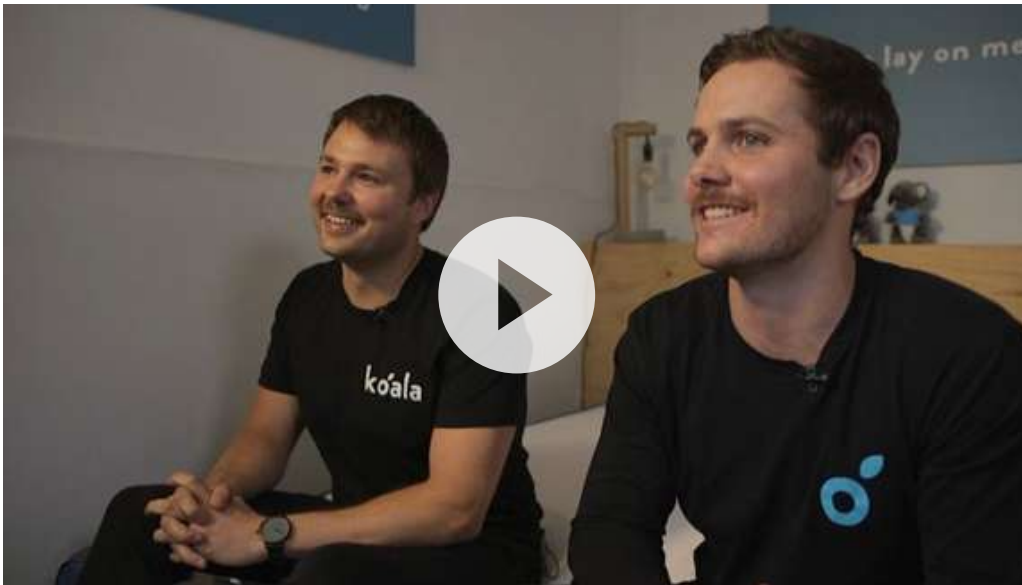
### Move to Mass Personalisation

- 36% of consumers are interested in personalised products or services.
- 1 in 6 consumers have purchased personalised products or services.
- 1 in 5 consumers interested in personalised products are willing to pay a 20% premium.



# Case Study 4

## Koala



### Learning Area:

Economics and Business

### Topic:

Running a Business

### Focus Area:

- Selecting business opportunities (competition)
- Setting up a new business

### Outcomes:

Australian Curriculum: (Year 8) Types of businesses and the ways that businesses respond to opportunities in Australia [ACHEK030](#)

Australian Curriculum: (Year 10) Factors that influence major consumer and financial decisions and the short- and long-term consequences of these decisions [ACHEK053](#)

### Teaching Context:

Use this video during a lesson as a case study to highlight how Koala started as a new business and created a unique product as an opportunity to enter a market.



## Discussion Questions:



### QUESTION 1

**Suggest reasons why Koala was ideally suited to starting up a new business from scratch rather than buy an existing one.**

#### **Suggested Answer:**

Koala had created a unique mattress with a distinct competitive advantage over other competitors in the market. This included zero disturbance factor (innovative foam mattress technology); that customers can easily carry a queen size mattress (in a box) on their own; and Koala's fast delivery service (within four hours if customers live in Sydney or Melbourne). Existing products in the market seemed to use outdated technology by comparison and seemed not to satisfy the needs of customers as well as Koala's product.

### QUESTION 2

**List some of the advantages Koala experienced from setting up a new business.**

#### **Suggested Answer:**

Koala had the freedom to set up the business exactly as they wanted. Koala is able to determine the pace of growth and change, and is planning to expand into China, Japan, the United States of America and the United Kingdom.

### QUESTION 3

**Outline key factors that have attributed to the success of Koala.**

#### **Suggested Answer:**

Koala made their first million dollars in 79 days. In their first year alone they sold around 17,000 mattresses. They have designed a unique product which is delivered to your doorstep in as little as four hours. A very successful social media post of a wine glass test went viral (approximately 5.5 million viewers). Their returns policy allows customers to return a mattress up to 120 days after a purchase. By offering this trial period to customers, it shows they have a level of trust in their product and eliminated start-up costs such as retail space, overstaffing and sales commission.

## Bringing a Product to Market

- Check your idea isn't already on the market at [ipaaustralia.gov.au](http://ipaaustralia.gov.au)
- Develop a working prototype and test the product out with a variety of people.
- Write a commercialisation plan with a business advisor to map out a market entry strategy.

# Case Study 5

## Grants of Australia



### Learning Area:

Economics and Business

### Topic:

Running a Business

### Focus Area:

Selecting Business Opportunities (Location)

### Outcomes:

Australian Curriculum: (Year 7) The ways consumers and producers interact and respond to each other in the market [ACHEK017](#)

Australian Curriculum: (Year 8) Types of businesses and the ways that businesses respond to opportunities in Australia [ACHEK030](#)

### Teaching Context:

Use this video during a lesson as a case study to highlight how Grants of Australia created a unique product as an opportunity to enter a niche market.

## Discussion Questions



### QUESTION 1

**Identify the business opportunity the Aronsons saw in the toothpaste market, which at the time was not fulfilled by existing businesses.**

#### **Suggested Answer:**

Michael and Michelle Aronson could see a gap in the market for an affordable, healthy and pleasant tasting toothpaste which did not contain fluoride, sugars or unnatural ingredients.

### QUESTION 2

**Outline the challenges the Aronsons encountered when trying to develop their product.**

#### **Suggested Answer:**

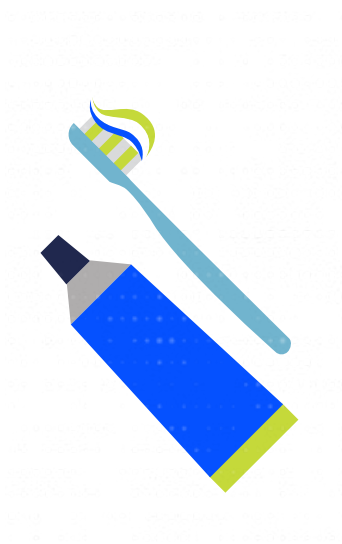
Existing non-fluoride kinds of toothpaste in the market were gritty, brown and tasted awful. Michael and Michelle Aronson researched natural ingredients and took their recipe to a chemist. They had to have a stable product which did the job, did not have all of the perceived nasties and that people liked. They ordered a small run and started selling it in their stores. Sales revenue was very slow in the early days. Toothpaste was stored at their home and in the back of their Health Food store.

### QUESTION 3

**Describe the impact of having the product on sale in different locations.**

#### **Suggested Answer:**

In the late 1980's Coles decided to stock Grants of Australia's toothpaste in their newly developed Health Food section. Some dentists also requested to sell Grants toothpaste in their surgeries. Growth has been slow but consistent. The biggest increase in sales came about 7 years ago when Coles shifted Grant's from the Health Food section of their supermarkets to the regular toothpaste section. Recently Woolworths started stocking Grants of Australia's toothpastes as well. Expanding overseas to New Zealand, Singapore and Malaysia have also increased sales revenue. They are also introducing a pilot project with Australia Post on the Chinese Daigous (or grey market).



Daigous are buyers who purchase products from their home country and sell to family, friends or customers in China.

# Case Study 6

## Carman's Fine Foods, Carolyn Creswell

**Topic:**

Nature of Business (Year 11 and 12)

*This activity is recommended for senior secondary students but can be adapted to other years.*

**Focus Area:**

Skills of Management

**Teaching Context:**

This video would be best shown after students have a general understanding of skills of management.

If this resource is used as an independent learning activity or as homework, encourage students to watch the video twice, so that they can answer the questions at a deeper level by including new information which was not obtained when they first watched the video.

An extension activity (ICT research) is also available.

## Discussion Questions



### QUESTION 1

**How did Carolyn first get started in the business?**

#### **Suggested Answer:**

25 years ago, Carolyn became a small business owner at 18-years old. Previously, she was working one day per week at a business, packing muesli. Threatened with a redundancy, she purchased the business for which she was working with the help of a colleague/partner, for \$2000 in total (hence the business name was created by creating an amalgam of the names of both Carolyn and her co-purchaser, Manya van Aken).

### QUESTION 2

**How has Carolyn demonstrated the following skills of management?**

Problem-solving, Vision and Strategic-thinking.

#### **Suggested Answer:**

- **Problem-solving:** finding ways to overcome shortfalls in cash flow and showing perseverance, even when business struggled and owed large debts before the products were sold in supermarkets. Carolyn has always been keen to find answers to how to make her business run more smoothly, from learning how to read a profit and loss statement to how to operate an online business.
- **Vision:** having a long-term mindset on the future growth of her business (by expanding the business into Asia and exporting to Malaysia and China where Australian-made products are perceived to be 'green and clean' and sourced using high quality ingredients).
- **Strategic thinking:** marketing strategies focused on creating high quality products to encourage repeated purchases, rather than spending large amounts on advertising which may only entice customers to try the product once.

### QUESTION 3

**Describe some personal characteristics which help shaped Carolyn to become a successful business owner.**

#### **Suggested Answer:**

Personal characteristics may include:

- Hard working and tenacious (Carolyn worked two part time jobs from a young age as she did not receive any pocket money. In the first 10 years of business, Carolyn did everything from filling and packing to deliveries to make sure the business operated efficiently).
- A willingness to learn (As Carolyn's background is not in business, she will ask others to find the answers in areas where she does not have a thorough understanding. e.g. exporting into China).
- Being passionate about the business and its products (Carolyn is very proud when she sees customers purchasing Carman's products).



#### QUESTION 4

State two key facts about the success of Carman's Fine Food.



#### Suggested Answer:

1. Carman's Muesli makes up 20% of the Australian muesli market.
2. According to the video, Carman's Fine Foods' annual turnover is \$50 million.

#### Extension Activity:

ICT research [carmanskitchen.com.au](http://carmanskitchen.com.au)

- Click on "Our Products". Identify five different types of products available via Carman's Fine Foods. How do they cater for customers with different dietary requirements?
- Click on "Our Story". Outline key events that may have attributed to the success of Carman's Fine Foods. Give reasons for your answer.
- Carman's Fine Foods' slogan is "Real food made with real passion". Click on "Our Recipes". Explain why recipes are offered on their websites. What role do they play in enhancing their brand image?

#### Suggested Answers:

- Products available include muesli bars, muesli porridge oats, nut bars, crunchy clusters, oat slice, protein bars, bliss balls, and super seed and grain crackers. They cater for a range of dietary requirements by offering products that are nut free, gluten free and vegan.
- Key events that have contributed to Carman's Fine Food's success include:
  - iii. In 1997 Carman's muesli began to be sold in the supermarket - this led to more exposure to potential customers and a greater number of outlets selling the product.
  - iv. In 2006 Carman's was offered as a choice for airline meals – this resulted in many airline passengers trying Carman's products for the first time which led to greater sales.
  - v. In 2012 Carman's was exporting to 32 countries - this helped Carman's find new markets to sell their products and increase sales growth.
  - vi. In 2014 Carman's ran their first television advertisements – enabling Carman's to communicate with their target market about new products.
- While most Carman's products can be eaten individually, they can also be used in recipes to create appetising meals. This is important for Carman's because it enhances their brand image as a premium food product (this is seen in the recipe photographs).

# Case Study 7

## Coya Restaurant: Part 1



### Topic:

Business Growth and Decline (Year 11 and 12)

*This activity is recommended for senior secondary students but can be adapted to other years.*

### Focus Areas:

- Stages of the business life cycle
- Establishment, growth, maturity and post-maturity
- Responding to challenges at each stage of the business life cycle

### Teaching Context:

This case study could be used before students learn about the business life cycle, as a means of introducing the business life cycle and challenges a business could experience in the establishment stage.

Alternatively, this section could be used as an independent task to support class learning.

Before viewing the clips, introduce or recall the four stages of the business lifecycle as being:

1. **Establishment** - the business commences operations and is looking to gain regular customers
2. **Growth** - the business experiences an increase in sales and is looking to expand in size

3. **Maturity** - the business experiences a plateauing of sales and is unlikely to grow further.
4. **Post-Maturity** - the business could experience three options:
  - i. Steady state - sales remain plateaued (i.e. the business neither expands nor declines)
  - ii. Decline - decreasing sales could result in closure
  - iii. Renewal - a new product is released and business increases sales

After the video, follow up with an extension activity (paragraph writing task).

## Discussion Questions



### QUESTION 1

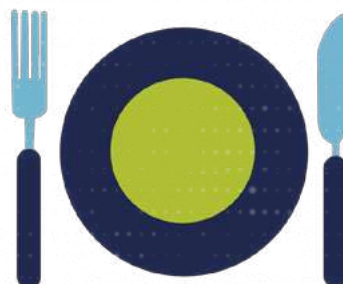
**Watch Part 1: Describe the steps Ashraf took to establish Coya. Your answer should refer to:**

- **Choosing a suitable location**
- **Fitting out the restaurant**
- **Menu planning**
- **Front of house operations**

### Suggested Answer:

1. **Choosing a suitable location** - Ashraf decided to open his restaurant in a shopping strip at Cromer (in the Northern Beaches of Sydney). Ashraf planned to target local residents in the area who would be able to walk to the restaurant (making it a convenient location for locals).
2. **Fitting out the restaurant** - Ashraf faced significant costs when fitting out the space. For example, electrical, plumbing, and carpentry costs. Ashraf did save some money because the restaurant already had cooking vents.
3. **Menu planning** - Coya's menu had a middle-eastern flavour due to Ashraf's cultural background and previous industry experience. The menu will also had healthy options and used fresh food sourced from local Sydney suppliers.
4. **Front of house operations** - Ashraf's wife Kit ran front of house. She did not have experience in this role. Ashraf and Kit were training their front of house team a few days before Coya opened.

On average, Australians eat out 3.5 times a month.



# Case Study 7

## Coya Restaurant: Part 2



### Discussion Questions



#### QUESTION 1

**Watch Part 2: Outline some of the challenges Coya faced in the first few months of opening. How has Ashraf overcome some of these challenges?**

#### Suggested Answer:

1. In the first few months of operations, Coya lost \$4000 and they had to reduce staff hours and no longer serve breakfast or lunch. In response Ashraf is just focusing on serving dinner.
2. The initial seating was inefficient. In response, Ashraf changed the direction of the tables and chairs. This allowed Coya to accommodate more customers.
3. The initial lighting in the restaurant was too bright. In response softer lighting is now used to give the restaurant with a more intimate feeling.
4. Coya has spent no money on traditional methods of promotion. Instead, Ashraf has focused on word of mouth and social media to promote to customers.

Small businesses should budget 5-7% of their revenue for marketing.

## Paragraph Writing Task

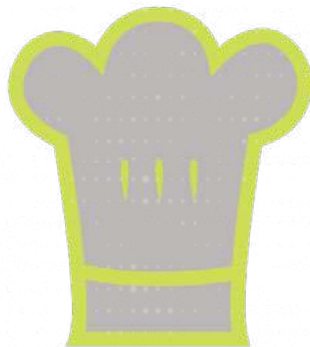


### AFTER THE VIDEOS

You are a Small to Medium Enterprise (SME) consultant. Ashraf has approached you to write a short report (consisting of three paragraphs) about the challenges he should expect Coya to face as it progresses to the growth stage of the business life cycle. Propose actions Ashraf should take in response to the challenges identified.

#### Suggested Answer:

1. **Cash flow** - needs to be sufficient to pay current liabilities. Ashraf needs to monitor cash flow to ensure there is sufficient inflow to match the large amounts of cash outflow that usually accompany expansion in the growth stage. He could do this by regularly preparing a cash flow statement.
2. **New products** - new products need to be developed to allow expansion to continue. In the growth stage, Ashraf may consider opening Coya for breakfast and/or lunch to increase sales growth. New menu items will need to be created.
3. **Recruitment** - new employees will need to be hired as the business expands. To help guide recruitment Ashraf needs a clear job description of experience and skills. He also needs to provide training for new staff so they can perform their job to his expectations.
4. **Debt finance** - additional debt finance may be needed to fund expansion. Ashraf needs to make sure Coya is able to meet an increase in loan repayments. He could consider different banks for the most competitive interest rate.
5. **Management** - some of the management role may need to be delegated to a manager. Ashraf could internally promote an existing employee or recruit an outside person with more specialised skills.





# Case Study 8

## Booktopia



### Topic:

Business Planning (Year 11 and 12)

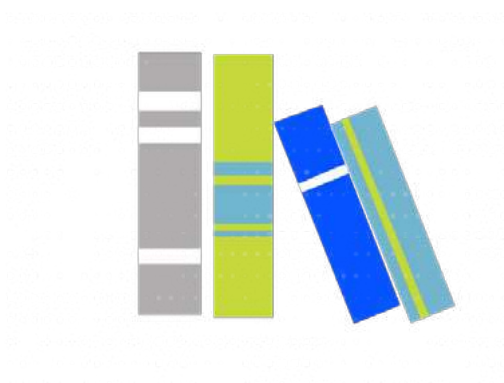
*This activity is recommended for senior secondary students but can be adapted to other years.*

### Focus Area:

Critical issues of business success and failure.

### Teaching Context:

This video could be used before students learn about critical issues for business success and failure. The case study of Booktopia could be used for a group or class discussion on how small to medium enterprises (SMEs) can succeed in a highly competitive market.



# Group Activities

## Case Studies 8, 9 and 10

As an independent group activity, divide the class into three groups. Each group will focus on a different case study and discuss their findings as a class once they have watched their assigned clip and completed the activities.

- Group 1: Booktopia (Case Study 8)
- Group 2: The Party People (Case Study 9)
- Group 3: Military Mumma (Case Study 10)

## Discussion Questions

### QUESTION 1

Describe the nature of the Australian book industry?



#### Suggested Answer:

The Australian book market is worth \$2.4 billion. In recent years it has been a very competitive market due to consolidation in the sector. There has also been an increase in overseas competition. For example Amazon, the world's largest book retailer, will commence operations in Australia in late 2017.

### QUESTION 2

Fill in the blanks.

As Australia's largest online bookstore, Booktopia's revenue has increased from \$\_\_\_\_\_ in 2015 to \$\_\_\_\_\_ in 2016 and currently over \$\_\_\_\_\_ as of April 2017.

#### Suggested Answer:

As Australia's largest online bookstore, Booktopia's revenue has increased from \$52m in 2015 to \$80m in 2016 and currently over \$100m as of April 2017, according to the video.

### QUESTION 3

Describe how Booktopia is preparing for Amazon's arrival in Australia?

#### Suggested Answer:

Booktopia will continue to focus on meeting their customers' needs. This includes having:

1. 130,000 titles in stock, half of which are by Australian authors.
2. A large range of academic and university textbooks.
3. An in-house customer service team in Sydney will take inbound calls, answer live help requests on the website and respond to email enquiries. Customers will thus feel they can communicate with a real person.



#### QUESTION 4

**Outline different types of technology used at Booktopia's warehouse.**

##### **Suggested Answer:**

1. The warehouse's aisles are embedded with microwave rails so forklifts do not have to be steered, rather they can be quickly guided by rails (reduces room for error and improves efficiency).
2. Computer and mobile devices enable quick and efficient storage and retrieval of stock.
3. For faster moving stock, algorithms are used to calculate and analyse the level of available stock which can help with inventory control. It can also detect if there is too much of one title stocked, and slowly lowers the price on the website over a few months to encourage a sale.

#### QUESTION 5

**What tips and advice are provided for SMEs like Booktopia when competing with large companies like Amazon?**

##### **Suggested Answer:**

1. **Have a positive mindset** - Booktopia focuses on the market share that Amazon does not have, and emphasises that they still have a foothold and leverage for authors and publishers in the Australian book industry.
2. **Narrow your niche** - make sure your product is not available anywhere else.
3. **Slash shipping** - create a delivery service that exceeds expectations.
4. **Focus on customer service** - provide the personalized, 'human' service large companies like Amazon generally may not.

Amazon is the world's fourth biggest company by market capitalisation.

Australian shoppers spend as much as \$1 billion a year through Amazon.com.au and its overseas platforms.

# Case Study 9

## The Party People



This activity is a continuation of the group exercise set out on page 24

### Discussion Questions

#### QUESTION 1

In dot points, outline how did the business grow over time?



#### Suggested Answer:

- Mala Salakas (owner) purchased The Party People in 1987. The business's prime function was organising parties in people's homes.
- Due to fast growth, a retail store opened in Sydney's South (Sans Souci) and over time they shifted from organising parties to selling party supplies.
- In 1999, The Party People became the first party supply business to have an online presence in Australia.
- In 2007, Mala sold the business to her sons, Dean (support services) and Peter (operations).
- Subsequent advertising on Google resulted in large increases in sales revenue and the hiring of more employees (growing from 3 employees to 40).
- Dean and Peter opened a second store in Drummoyne (NSW).
- The Party People had a \$4m turnover in 2016 (of which 10% was profit).
- Dean and Peter are expecting to open a third store within 2 years.

## QUESTION 2

Identify some of the challenges Dean and Peter have encountered since becoming the owners of The Party People.



### Suggested Answer:

- Budgeting
- Planning for peak times e.g. Halloween and Christmas.
- Recruitment of appropriate staff.

## QUESTION 3

Suggest how Dean and Peter can overcome these difficulties.

### Suggested Answer:

- Use a sales forecast to help plan ahead of time e.g. higher sales are expected at Christmas.
- Commence recruitment for more staff in October.
- Make buying decisions earlier for stock.

## Childrens Party Industry

- A third of Australian parents spend up to \$500 on a child's party.
- A fifth spend more than \$1000.
- Almost half paid for entertainment and 10% hired rides.



Google Ads allows businesses to buy or bid for the top results of Google searches related to your industry.



# Case Study 10

## Military Mumma, Fitness Business



This activity is a continuation of the group exercise set out on page 24

### Discussion Questions



#### QUESTION 1

In dot points, briefly outline the nature of the fitness industry in Australia.

#### Suggested Answer

- It is a highly competitive market.
- It is a small industry with approximately 3,600 businesses nationwide.
- Australia's fitness industry has an annual revenue of \$2bn.
- 4.6m Australians have gym memberships.
- Rising health consciousness and high obesity levels have led to a growth in gym memberships.
- Between 2012 and 2017, the fitness sector grew by 9.3%.
- Budget gym chains that are open 24 hours a day, 7 days a week have stimulated most of the industry growth.
- The 3,669 fitness businesses in Australia employ approximately 23,564 people.

## Discussion Questions



### QUESTION 2

**Define the term 'competitive advantage'. What is Military Mumma's competitive advantage?**

#### **Suggested Answer:**

Competitive advantage refers to the strategies that are used by a business to gain an 'edge' over its competitors. This can allow the business to be unique and offer a point of difference.

Kirri-Lee Brazendale, the owner of Military Mumma saw a gap in fitness industry, particularly in her hometown of Hobart (Tasmania). Military Mumma's competitive advantage is to offer a service they describe as unique. This is a "happy inclusive space" which focuses on creating a space for parents who would like to exercise with their children.

The slogan for Military Mumma is that "a strong mind is the foundation for a strong body" and they appeal to members who aim to achieve "a strong mind, strong family, strong life and strong body".

### QUESTION 3

**Have Military Mumma's strategies been successful?**

#### **Suggested Answer:**

Yes, Military Mumma's strategies have been very successful. Military Mumma was able to break even by six months from when the business started. The business has approximately 117 active team mates (members) with a retention rate of 91%. This indicates a high level of satisfaction by existing members which can be a cost advantage as new members can be difficult to find and are more expensive to acquire. Military Mumma has also branched out to the corporate space, offering personal training, group boot camps and tailored programs.

### **Fitness Business Facts**

- Between 2012 and 2017 the fitness sector grew by 9.3%
- Budget 24 hour gym chains have stimulated most of the industry growth.
- There are 3,669 fitness businesses in Australia employing 23,564 people.

# Further Resources

Check out the [Small Business Secrets](#) website for a range of clips, articles and other resources relating to the show:

We recommend the series of clips and case studies in the [Indigenous Small Business Secrets](#) episodes for classroom studies: you will find these specials on [SBS On Demand](#) and they form rich material for study in class.

Head to the [SBS Learn website](#) for free classroom resources.

## Business Case Study Websites and Full Episode Links

These are the links to the business websites for the case study businesses, as well as where you can find the full Small Business Secrets episodes on SBS On Demand (correct at time of publication).

**Broadband Solutions** [broadbandsolutions.com.au](http://broadbandsolutions.com.au)

Watch the full episode on SBS On Demand [Season 1, Episode 2](#)

**True Revolution Automotive** [truerevolutionautomotive.com.au](http://truerevolutionautomotive.com.au)

Watch the full episode on SBS On Demand [Season 2, Episode 20](#)

**Shoes of Prey** [shoesofprey.com](http://shoesofprey.com)

Watch the full episode on SBS On Demand [Season 2, Episode 1](#)

**Koala** [koala.com.au](http://koala.com.au)

Watch the full episode on SBS On Demand [Season 2, Episode 1](#)

**Grants of Australia** [grantsofaustralia.com.au](http://grantsofaustralia.com.au)

Watch the full episode on SBS On Demand [Season 2, Episode 18](#)

**Carman's Fine Foods** [carmanskitchen.com.au](http://carmanskitchen.com.au)

Watch the full episode on SBS On Demand [Season 1, Episode 17](#)

**Coya Restaurant** [coyacromer.com.au](http://coyacromer.com.au)

Watch the full episode on SBS On Demand Coya Part 1: [Season 2, Episode 4](#) and Coya Part 2: [Season 2, Episode 8](#)

**Booktopia** [booktopia.com.au](http://booktopia.com.au)

Watch the full episode on SBS On Demand [Season 2, Episode 19](#)

**The Party People** [thepartypeople.com.au](http://thepartypeople.com.au)

Watch the full episode on SBS On Demand [Season 2, Episode 14](#)

**Military Mumma** [militarymumma.com.au](http://militarymumma.com.au)

Watch the full episode on SBS On Demand [Season 3, Episode 7](#)