

SUSTAINING BUSINESS CASE STUDY

Fruits of success in a blooming good idea

by Denise McNabb

Read the article and answer the questions that follow.

At 27, with a hard-earned deposit for her first home in the bank, Kelly Baker faced one of the biggest decisions of her life.

She had spotted an innovative idea for gift giving on an overseas trip and it was germinating in her marketing head as an enterprising business prospect.

It needed start-up money but the banks weren't receptive. But after talking it through with her family and friends and with her sister Abbey eager to come on board, Kelly Baker made her choice.

House buying went on the back burner and using her life savings, online gift retailer Edible Blooms was born ...

Her idea puts both longevity and edibility into flowers.

It's a visual quirky take on the traditional florist offering. What looks like beautiful floral arrangements from a short distance are actually chocolate, fruit and cookie-laden bouquets, gift and hampers.

Five years on since her investment decision, Baker has taken the business from her original base in Queensland to Victoria, New South Wales, South Australia and New Zealand. Sights are now set on the United Kingdom then possibly Asia.

Baker says her initial decision to draw on her house deposit has been so rewarding she has never contemplated an exit plan.

'I just love the business too much,' she says.

Her punt paid off in November 2009 when Edible Blooms was named MYOB Small Business of the Year at the Telstra Business Awards.

The New Zealand affiliate, opened in November 2008 by her first employee Sarah Bruce, also picked up the web-voted People's Choice Award for Best Corporate Gift Service across the Tasman.

The company is considered one of Australia's fastest growing online enterprises and more than 70 per cent of its business comes through the internet. Baker says it can receive 10 000 hits a day – and many more on Valentine's Day. She says growth is also strong in New Zealand ...

Baker frowns on the discounting being done by rivals who have set up similar businesses after she was first to market. But she welcomes the competition.

Though she won't reveal figures because the company is private, Baker says revenue last year was 40 per cent higher than the previous year with revenue for the whole five years averaging a 40 per cent increase each year.

She started small with just nine fresh fruit blooms in the online store. There are now more than 120 different types of bouquets, using thousands of foiled chocolates and tonnes of fruit. She has special bouquets for occasions like Christmas and for those who like bubbly or beer with

their sweet or fruity treats.

By keeping staff numbers tight (there are now 25 in Australia) and outsourcing accounts and IT she says she can pay her staff well and that keeps them happy and loyal.

But Edible Blooms has not been all smooth sailing. Being a business where time management is crucial, in the early days crashing computer systems was nerve-wracking, says Baker. The job also consumed her life for its first two-and-a-half years.

If there's one sound piece of advice she would like to give anyone going out on their own is to start with saved money and remain cash-flow positive as she has done from day one. No debt has enabled her to grow apace.

Baker says in an online business you have to invest the money in good systems. She's sunk thousands of dollars not only into the website, but also into upgrading to a technology where every facet of the business is integrated.

From her 'dashboard' she can watch sales as they are happening in any of her online stores from any location. With this technology she says can grow revenue four-fold without spending any more on infrastructure.

Source: *The Age*, 6 October 2010

A large punt on her future has paid off for Edible Blooms founder Kelly Baker.

Questions

- 1 Name and describe the business that is the subject of this article. Identify and describe why it was an innovative business idea.
- 2 Identify and describe how each of the following could be used as an indicator of business success. In your answer describe how each can demonstrate an aspect of a business's success.
 - a Physical expansion, such as number of outlets or distribution of customers
 - b Awards and recognition
 - c Number of sales
 - d Number of website hits
 - e Staff morale and staff retention
 - f Level of debt.
- 3 Describe how well the business in the article is performing according to each of the above indicators of business success.
- 4 List and describe three key performance indicators that are mentioned in the article and are used to measure the success of this business.