

LEADERSHIP FOR GROWTH

# ROSS

FINANCIAL REVIEW

October 17  
AFRPS

**START-UP STATES**  
Premiers jostle for  
growth businesses

**BIAS BUSTER**  
Cracking cultural  
diversity

**ADDED AUTHENTICITY**  
Blockchain use  
expands to food



From left:  
Eloise Monaghan,  
Darren Holland,  
Shane Fallscheer,  
Greg Milne,  
Daniel Agostinelli,  
Tracey Blundy  
and Ray Itaoui.

# Magnificent Seven

HOW TO BECOME A RETAIL MILLIONAIRE



# THE MILLIONAIRE MACHINE

The 10 + 1 principles that drive the success of Brett Blundy's companies have helped seven of his executives become very wealthy.

R

ETAILER BRETT BLUNDY was sitting with colleague Greg Milne on the lounge room floor of his Kyle Bay home in Sydney's south. It was the early 1990s and there was almost no furniture in the house as Blundy had invested every cent he had into building his businesses: Sanity Entertainment and Bras N Things.

Opposite Blundy was the "bra wall" where almost 160 bras hung. It was what was known as a range day when Blundy, Milne and other executives got together to narrow down the next range for Bras N Things stores.

"Brett would look at the bra wall and say that one, that one, that one," recalls Milne. "I'd have to go away and pull out numbers and run product reports and I'd discover, shit, he's right. He could intuitively see that."

For Milne, this anecdote perfectly demonstrates Blundy's innate talent for retail, a skill that allowed him to transform, over four decades, a single music store into a global company spanning retail, retail property and beef breeding.

Blundy, 56, now a billionaire, chairs BB Retail Capital, which has built well-known companies from Sanity, Bras N Things to Aventus. It's also had failures such as Diva and Gosh Coffee. But in the fickle retail industry where there are regular casualties, Blundy's record of having more wins than losses suggests he has a formula that works.

Blundy is notoriously guarded and private but he spoke to *BOSS* for this article to share credit for BBRC's success with seven key executives who have worked with him.

"These guys I have called my partners and they've been really terrific at ensuring our culture moves its way down and around through the organisation. All of them buy into it. It's easy to write that stuff down, but much harder to ensure it's instilled."

The executives are partners in more than a figurative sense. Most have been partial owners of the businesses they have built with Blundy, not just equity participants.

Here, we get a rare look inside the hugely successful private retailing company and the team that helped build it.

Blundy's seven are all smart, humble and passionate leaders and most are now multi-millionaires. They talk about why Blundy inspired loyalty; the years of risk-taking, and of the culture that has been an enduring force behind BBRC's phenomenal growth, and now the businesses they advise or manage.

That's why Milne says anyone who doesn't buy into the culture is weeded out: "Failure to do so can cause a cancer from within."



## HOW TO TURN \$500,000 INTO \$210 MILLION IN SEVEN YEARS

IT WAS 2009 and around the world economies were reeling from the biggest shock to the financial system since the Great Depression. Retailers were suffering but few as much as businesses like Sanity Entertainment, which after expanding to become, at one point, Australia's largest music seller, faced a population reluctant to spend and a business model fast being disrupted by illegal file sharing, Apple's iTunes store and music streaming services such as Spotify.

In a year, the business's \$35 million profit turned into a \$21.1 million loss.

Billionaire Brett Blundy had built Sanity

from a single store in Melbourne. But even for him the challenges facing the 250-store group seemed insurmountable. The BB Retail Capital board, of which Blundy was chairman, proposed spending \$18 million to close it.

Sanity's then 36-year-old chief executive, Ray Itaoui, was shocked. But what at the time seemed like the ultimate vote of no confidence turned out to be the opportunity of a lifetime. All Itaoui had to do was back himself, big time.

"It was hard. Up until this period of my life I was always winning. All of a sudden the business is not doing well. All the other brands Brett was involved in were absolutely killing it."

Blundy, one of Australia's most talented retailers, founded Sanity and Bras N Things in the 1980s, and has stakes in well-known companies from Aventus, Adairs and Lovisa to BridgeClimb.

Itaoui, the son of Lebanese migrant factory workers, joined Sanity in 2001 as an area manager and worked his way up to Queensland state manager. He turned around that state's stores and later was promoted to national manager.

Eventually, he became general manager of Blundy's broader retail group, then known as Brazin, and also oversaw the roll-out of 60 Virgin music stores in 60 days after the Virgin name was licensed to Sanity.

In 2007, Itaoui became Sanity's chief executive. His rapid progression through the company was typical of Blundy's strategy to develop leaders, including other Sanity executives such as Shane Fallscheer and Daniel Agostinelli.

Itaoui decided there had to be another option for Sanity other than closure and he offered to take the chain off Blundy's hands for nothing. In return he would take on the losses and the risk of trying to turn it around.

"Brett thought I was insane," recalls Itaoui. "We had a debate about it. It was more about him making sure I knew what I was getting myself into. I said, 'Mate, I get it. You've got \$18 million to lose, I don't.'"

In fact, Itaoui had plenty to lose. He had a \$500,000 stake in Sanity, two mortgages and, worse, he had put the plan forward without consulting his wife. Quickly, he set about fixing the business. Sanity's profitable stores were mostly in regional areas, so he shut around 100 stores and pared the business back to 156 outlets that now stretch from Karratha to Echuca. Sanity's biggest competitor is JB Hi-Fi.

Itaoui then had to motivate staff, who were used to being part of a larger retail group working for a "god-like figure" and were now working for a "nobody". After laying out a strategy, Itaoui set targets, which if met meant all 60 managers would go to Fiji. They did.

He introduced an annual gala and the first event featured Delta Goodrem and Guy Sebastian. But most importantly he applied the simple principle Blundy had drilled into all his staff: the customer comes first, always. "The more successful you can make the customer, the more successful we'll become, has come from Brett," says Itaoui.

How Itaoui applied this was through service and no-questions-asked refunds. "We want the

## BLUNDY'S 10 CULTURAL COMMANDMENTS

**1. CAN DO ATTITUDE.** You can inspire and achieve by your attitudes and actions. **2. CUSTOMER SATISFACTION AND PERFECT SERVICE.** It's about the customer, always! We exist to satisfy the customer and do everything in our power to add value to the customer's experience.

## COVER STORY

customer for life, we don't want it to be just a \$30 transaction."

"We genuinely treat our team like they're family and we want that replicated back to the customer. To have a real connection and bond with the customer, that is unique, that you're not going to get elsewhere."

Within a year, Sanity was profitable and Itaoui wanted to invest the excess cash. He sought advice from Blundy. "He gave me some tips and said, 'If I was you I'd invest in property.' He said, 'Don't be Lebanese and go buy a \$200,000 property, use your money and do something serious.' A couple of days later he says, 'I'm looking at buying a shopping centre in Mornington. Do you want to invest with me?'"

From there, Itaoui invested with Blundy in bulky goods centres that were spun off into a public company, Aventus, which is now capitalised at almost \$1 billion. Itaoui's stake is around 14 per cent. He's also an investor in several other BBRC companies of which he's executive chairman.

Sanity, with more than 1000 staff, continues to perform solidly and reported a \$10 million profit in the year to June 2015.

"When you're in a low-margin business you've got to be clever about where you put your stores. Regionals work for us because the rent and the advertising are cheaper. However, the big element is that the customer is a lot more engaged with our product than city folk. There's more time spent at home and more family time in the country."

Itaoui says he's not going to lose sleep over music's digital future: "Sanity is what it is. My job is to make sure it continues to run as a great business that our customers love and our suppliers want to partner with us."

Itaoui got a personal coach to help with the move from being an executive in control to becoming a board director. He says the coach also helped him become comfortable with his wealth.

In calculating Itaoui's assets, *BOSS* estimates that excluding Sanity, he's worth \$150 million. If Sanity, which now makes three-quarters of its money from TV series and movies, were included then Itaoui's wealth would be closer to \$210 million.

Itaoui, who's personable and energetic, downplays his success. "I'm very blessed. I'm



DANIEL AGOSTINELLI

Age 50  
Co-chief executive,  
RCG Corporation  
Wealth: \$50 million

not one of those smart guys," he says, although he has done Harvard management courses through the Young Presidents Organisation, of which he's a member.

His success has come through hard work, which Itaoui learnt from his parents. Their desire to do the best for their children meant Ray and his elder brother were left with his grandparents in Lebanon until Ray was four, while they established themselves in Australia.

"I have a do-what-it-takes attitude. Winning's built into me; you've got to be the best. That attitude resonated with Brett and Sanity."

Itaoui had a strict upbringing, with a heavy focus on study. Sport was not allowed. He rebelled, hung out with the wrong crowd and was expelled from Sydney's Granville Boys High School in his final year. However, he was able to complete year 12 in Dubbo, where he had a long-distance relationship with a girl who's mother happened to be a teacher. Her family let Itaoui live with them while he attended school to complete the HSC.

"That was a real pivotal point in my life. It took me out of my environment. I learnt so much about Australia, about family. It was a unique opportunity that I treasure dearly."

## ALWAYS BE INNOVATIVE, EXCITING AND RELEVANT

**D**ANIEL AGOSTINELLI had several difficult conversations with his parents when he began building his retail career, which made him richer than he ever could have imagined.

The first was to tell his parents, Italian migrants, he wouldn't be going to university but instead would be working to build a chain of music stores with a 22-year-old entrepreneur called Brett Blundy. It was the early 1980s and Agostinelli was only 17. Blundy had to convince Agostinelli's parents he was making the right decision. "It was a difficult conversation," recalls Agostinelli.

A few years later, he again sat down with his parents. This time to ask if he could remortgage their investment property to raise money to invest in the expansion of the music stores. Agostinelli also leveraged his own apartment having already put every cent he'd saved, \$46,000, into the business.

"I promised my folks I'd pay the mortgage out in five years," says Agostinelli. "I paid it out in 18 months."

Initially, the music chain now called Sanity Entertainment didn't perform well. "In 1993, we decided that the industry needed a change and some theatre introduced to it," he says. So they revamped the look of Sanity's stores, taking out ceilings and putting a real tar road through the shops that resembled a back alley.

"The look just resonated with the kids and our music sales exploded. We then tried another store and another and we ended up with over 250 stores in the Sanity business."

It taught Agostinelli, now co-chief executive of Australia's biggest footwear retailer RCG Corporation, an early and important lesson: retail stores must always be innovative, exciting and relevant to customers.

Between 2000 and 2005, Sanity was Australia's largest music retailer, having grown organically and through a string of acquisitions. Agostinelli's career opportunities and wealth mirrored its rise. He went from being Sanity's general manager in 1993 to its chief executive five years later, and also a millionaire.

Back then Sanity was part of Blundy's

## BLUNDY'S 10 CULTURAL COMMANDMENTS

**3. RESPECT.** We don't call our people staff – they are part of the team. All ideas are encouraged and every individual counts. **4. CONTINUOUS IMPROVEMENT.** We strive for excellence and are never satisfied – always raising the bar to keep improving, even if it means changing everything we do.

publicly listed Brazin group, which owned a number of retailers including Bras N Things. In 1999, Agostinelli became Brazin's chief operating officer.

By the early 2000s, however, Agostinelli wanted to run his own business and an opportunity arose in 2003 to buy a youth-footwear group called Ghetto Sport & Street. Agostinelli bought it in partnership with Blundy and left Brazin to run it.

Within three years, Ghetto Sport & Street needed more capital to expand, and it was sold to Brazin. (Blundy had invested in Ghetto through his private investment company Yoda Holdings, which also had a majority shareholding in Brazin.)

The Ghetto sale opened the door to the next chapter in Agostinelli's retail career at Accent Group and from there to RCG.

Agostinelli says what he learned from working with Blundy, now a billionaire who runs the private BB Retail Capital, was how culture drives business success. "I learnt culture is everything and I've taken that with me to where I am today," he says. "Brett expected tangible evidence that culture lived and that was through the following: commitment from his team, perseverance, leading, acknowledging and overachieving."

Agostinelli quickly lists other lessons he's gleaned from 30 years in retail. One of the biggest mistakes made, he says, is when retailers don't share with staff the vision of where they want the business to be. "If you really want to grow, you must tell your people where you're going or they won't come with you. We're essentially a people business selling product not the other way around."

He says retailers must continuously learn while earning; remember it's about the customer, always; teach staff; be disciplined and contain costs; and lead, above all.

"One of the other things that Brett taught me is that if you're a leader, you're on stage every day so make sure you lead. Staff look at what their leaders are doing, at their behaviour, and that becomes the norm. Keep the standard of whatever you're doing at a higher level so staff rise to what you expect as your normal level."

After Ghetto was sold, Agostinelli was approached by Accent Group. It had been a supplier to Ghetto and it wanted him to develop its retail division.

At the time Accent had sales of \$30 million and one retail store. By 2015, its sales had grown to almost \$200 million, with close to 100 stores. In that same year, publicly listed RCG

acquired Accent. Now the group has a market capitalisation of nearly \$900 million, almost 400 stores, 3000 staff and sales of \$417 million. It's the largest footwear retailer in Australia, with one-fifth of the market.

At RCG, Agostinelli shares the chief executive role with Hilton Brett. "It's a very sizeable business with plenty of runway left in Australia with almost every brand," says Agostinelli.

RCG stores include Platypus, Hype, Athlete's Foot and Grounded. Agostinelli says the challenge is finding new customers. To that end RCG is rolling out Grounded stores that target customers aged 30-plus. "I'm running a campaign to find new customers and that is what I feel every retailer in this country is now doing. If you don't look after your customers somebody else will."

Agostinelli still catches up with Blundy twice a year. They continue to share some business interests. Blundy's BBRC has a small investment in RCG, while Agostinelli owns almost 5 per cent of the shoe retailer. Agostinelli also has minor shareholdings in the listed companies founded by Blundy's BBRC: Aventus and Lovisa.

The journey, says Agostinelli, has never been about money even though he has indulged in a passion for cars with a collection that includes an Aston Martin and a Mercedes. "It costs nothing to be a good person," he says.

## WHY TAKE THREE YEARS WHEN YOU CAN DO IT IN ONE

IN THE YEAR that fast fashion jewellery retailer Lovisa was launched, its chief executive Shane Fallscheer set a staggering pace as he rolled out 51 stores in 52 weeks with the backing of veteran retailer Brett Blundy. Few Australian companies are so ambitious but in the age of fast fashion speed to market is everything. Also, Lovisa's initial stores had achieved internal targets and with the concept proven, the attitude of Fallscheer and Blundy was "why take two to three years to do what you can do in one?"

Six years on Lovisa has 250 stores, of which almost half are offshore, as it has expanded into 11 countries. During this period it also became a publicly listed company, in which Blundy retains the largest stake of 41 per cent. Fallscheer has a 12 per cent stake.

In 2010, Lovisa evolved as an idea from Diva, a tween jewellery chain, which Blundy's BB Retail Capital had owned, and Fallscheer managed for four years until 2009.

In that period, Diva grew quickly – at one point it was delivering a return on funds of almost 800 per cent – but there were already questions over its long-term sustainability because of its narrow, young customer base who relied on their parents' income.

Fallscheer took a break in 2009, but soon came back to Blundy with a proposal for Lovisa, which would target customers aged from their late teens into their 30s. Fallscheer believed there remained a gap in the market for such a niche product retailer. "At that stage customers were typically buying fashion jewellery from apparel retailers, where it was a limited offering," he says.

Blundy backed the idea and Fallscheer became a partner with a 15 per cent stake in the business. "There was enough money on the table to keep you awake at night if things didn't go well," says Fallscheer. "Brett's a believer that if there's skin in the game then the behaviours are very different to someone who's a salaried employee."

In the next few years many Diva stores were closed or rebadged Lovisa and in 2014 the company listed on the stockmarket.

Fallscheer began working with Blundy in 1991 as a 22-year-old music store manager.

He progressed quickly at Sanity Entertainment, which from 2000 until 2005

Age 47  
Chief executive, Lovisa  
Wealth: \$50 million.

SHANE FALLSCHEER



## COVER STORY

was Australia's biggest music store chain. By the time he was 31, Fallscheer was chief operating officer of Brazin, Blundy's publicly listed company that owned businesses including Sanity and Bras N Things.

Fallscheer was Brazin's COO for a little over a year when an opportunity arose in 2001 to turn around two poorly performing music chains Sanity had bought from entrepreneur Richard Branson in the United Kingdom.

Fallscheer jumped at it. He moved to the UK to fix those businesses, which were renamed Sanity. Two years later it was sold to private equity at a small profit.

After that Fallscheer wanted to keep working internationally and soon became COO of Rip Curl's United States division as well as the company's global retail chairman. Then in 2005 Blundy came knocking to convince him to return to Australia to run Diva.

Working for Blundy, Fallscheer says there was always a culture of hard work and perseverance, which suited him. He admires Blundy's quick decision making and ability to always be available to staff. "Brett was always available, no matter how big or small any conversation. It's one of his strongest traits."

Blundy is no longer his boss, Fallscheer reports directly to Lovisa's board.

When Lovisa was launched it was set up as a vertically integrated retailer. It allows the company to quickly adapt its product range to changing global fashion trends and respond to customers. It's a model common among international retailers such as H&M and Zara.

"If something isn't working you need to change it as fast as you can at store level and you'll quickly get an answer from your customer if you've made the right or wrong decision."

Lovisa has performed solidly in an industry where there are regular casualties and Fallscheer is confident of continuing to deliver growth with the company's international expansion, while remaining No. 1 in its niche category. It's a view shared by the market, with Lovisa's stock trading near \$3.50, well above the \$2 share price it was sold at during the public float.

"Our model is very transportable. We believed we would be successful, which fortunately we have."

ELOISE MONAGHAN

Age 40  
Chief executive,  
Honey Birdette  
Wealth: next  
millionaire



## SEX SELLS, MONEY TALKS

**E**LOISE MONAGHAN recalls meeting billionaire retailer Brett Blundy in a Honey Birdette store in Brisbane in 2009.

On a series of store visits to his retail brands, Blundy stepped inside an HB shop in Chermiside and asked for the owner. Monaghan identified herself. "He said, 'You're a very brave woman.' I thought, 'Who the hell are you!' and then found out he was this retail king of Australia."

It was a meeting that led to Blundy's BB Retail Capital buying into HB two years later, along with Ray Itaoui. Together they own about 80 per cent. "We were looking at private equity and it didn't feel right," says Monaghan. "What we needed was retail experience. The private equity guys were in suits sitting in those big meeting rooms and you'd think, 'You don't care about the brand at all.' I didn't get that from Brett."

HB is the latest brand in the BBRC stable on a path of global expansion; at the end of August a flagship store opened in London's Convent Garden, near retail powerhouse Zara.

HB, which sells bold, upmarket lingerie and bedroom accessories, was founded in

2006 by Monaghan and Janelle Barboza, who's since left. The idea was born after Monaghan and Barboza visited an adult shop to find a hen-party present. They decided women deserved better environments in which to purchase products, rather than stores, full of men, selling hard-core DVDs, dildos and blow-up dolls.

However, the concept for such a retail chain is not new. In Britain, Ann Summers stores cater to this market, as does Agent Provocateur, which operates in 13 countries. HB sits between these more established brands but its products are more cutting edge or, as Monaghan would say, fabulous. Moreover, she says the business works because it provides an environment where a "woman can feel comfortable with her sexuality and for her that's one of the best places she can be".

HB has 48 stores in Australia with a team of 220. It intends to open four stores in Britain, where it has five staff, by year end. There are also expansion plans for the United States.

There have been setbacks for HB. The company's trademark was stolen in China by a German national. "It was like a Jeffrey Archer novel. We had people tracking him down trying to serve him with papers." It was resolved.

Then last Christmas HB fell foul of advertising standards with its "Silent Night" ad which featured a woman in red lingerie kneeling over a gagged Santa. The ad was taken down. "Nobody likes a bound and gagged Santa but we had the biggest Christmas ever," smiles Monaghan.

Before HB, Monaghan worked in crisis communications. Her strengths are product, store design and motivating her team. On the operations side she still had much to learn and so for 18 months she met Blundy every Sunday for breakfast at 8am to glean everything she could about running a business: from profit-and-loss statements to merchandise planning.

Being part of a larger retail group has helped with lease negotiations, logistics and provided an environment in which to learn.

"BBRC is one of those environments where you're continuously learning. There'll be times when I say, 'I can't go to that meeting, I don't have time.' But it's the important over the urgent. I'll go to the meeting and all of a sudden a Harvard professor is presenting to you."

## BLUNDY'S 10 CULTURAL COMMANDMENTS

**5. COMMUNICATE, COMMUNICATE, COMMUNICATE.** Communication is both directions: listening as well as talking. Get communication going continuously and in as many ways as you can. **6. COSTS ARE THE ENEMY.** We continuously find ways to reduce expenses, cut our shrinkage and improve productivity.

## THE CEO WITH A 90-DAY MONEY BACK GUARANTEE

**W**HEN HE WAS 15, Darren Holland used to stick pictures of houses on his bedroom wall rather than posters of rock stars.

"I know it sounds unusual. Rather than having racing cars and heavy metal bands up on the wall, I had the photos of my favourite homes in our local area. Not necessarily the biggest or most impressive homes but the ones that were leading edge in design, the most innovative," says Holland, who's now chief executive of Aventus Retail Property Fund.

Holland's passion for property as an adolescent was fuelled by his father, a plumber. They would drive around on weekends looking at real estate in Sydney's north-west and later he enrolled in a land economics degree at university.

After graduating, Holland applied for his first job as a homemaker centre manager. He didn't know what such a centre was and queried his parents, who also didn't know.

Homemaker outlets are big-box stores with tenants that are typically furniture or white goods retailers, such as Harvey Norman. However, Aventus, which owns 20 centres and has a market capitalisation of almost \$1 billion, is evolving that mix to include medical and childcare centres, supermarkets, pharmacies and gyms. Consequently, homemaker centres are going from being weekend only destinations to everyday destinations.

When he applied for the centre manager's job, Holland was a university graduate full of self-belief, with a competitive streak that overrode his inexperience. He was up against applicants twice his age. In the interview, he argued the older applicants would be set in their ways. "I said, 'I'm mouldable. You can mould me into any shape you want.'"

It was 1992, and Paul Marshall, one of the co-founders of the Homemaker Retail Group who was interviewing Holland, wasn't convinced. Holland got the job after he told Marshall he'd work free for the first 90 days. "It was pretty brazen to offer a 90-day money-back guarantee on yourself," recalls Holland. However, his audacity was understandable. He was job-seeking in the middle of the recession Australia "had to have", when unemployment was more than 11 per cent.

Marshall became one of Holland's mentors as he progressed through the ranks of centre manager, leasing manager, later working in asset management and finally leading acquisitions of homemaker centres. He was involved in the 1998 public listing of the Homemaker Retail Group, which three years later was bought by GPT. Then Marshall and his business partner Rob Christie moved into serviced offices, and Holland joined them, though his passion was retail.

The opportunity to return to retail property came in 2004, when he met entrepreneur Brett Blundy who was seeking advice on buying a homemaker centre, and it turned into a job interview. Blundy, now a billionaire, has built substantial wealth developing companies such as Sanity Entertainment and Bras N Things.

After 13 years working with Marshall and Christie, Holland joined Blundy's BB Retail Capital (BBRC). On his first day, Holland and Blundy visited Newcastle in New South Wales.

There Blundy had one small property that housed Domayne but he had ambitions to build an enormous homemaker centre. The hitch was acquiring nearby land.

In 2007, BBRC bought the land on which Holland developed the Kotara Homemaker Centre. A year later, amid the global financial crisis, BBRC acquired Colonial First State Property's adjoining homemaker centre for \$61.5 million. The Newcastle centre in Aventus' portfolio is now worth more than \$200 million.

Aventus has a team of 50 and every weekday at 8.44am they join a conference call with Holland, which he refers to as the "daily huddle". He sees this as an important part of the group's culture.

Holland cites Blundy as another mentor in his career; however, he has also pursued his own self-development by reading widely on everything from goal setting to managing teams to peak performance.

He says goal setting is one of Aventus' key strengths. "We've produced in advance every year, for the past 13 years, a goal book and it's effectively our blueprint on how we're going to achieve our strategy for the year. It gives my team ultimate accountability and ownership."

Since Aventus was publicly listed in 2015, one of the biggest challenges for Holland is getting shareholders to stay focused on the long term. Another challenge is convincing the broader investment community of the merits of the homemaker centre sector, of which Aventus has 12 per cent.

In the year to June, the group reported its first full-year earnings since listing, with funds from operations – a key performance measure for real estate investment trusts – at \$41 million; 4.5 per cent higher than the prospectus forecast. It also paid out a better-than-anticipated 10.3¢ per unit distribution.

Holland has a small shareholding in Aventus, while Blundy retains a third. Holland also owns a third of Aventus Property Group, the fund and asset manager that provides management services to the property fund.

"Ownership is the ultimate form of leadership and management. I've got ownership in two ways: I've invested a significant part of my wealth in Aventus shares and I've been investing in this sector via our wholesale syndicates for the last five or six years."

### BLUNDY'S 10 CULTURAL COMMANDMENTS

7. **ACCOUNTABILITY.** Commit. Take ownership. Be responsible for your actions and results.
8. **TEAMWORK.** We succeed through the effort of our teams not individual performance.



Age 44  
Chief executive,  
Aventus Retail  
Property Fund  
Wealth: \$40 million

DARREN HOLLAND

# GREG MILNE

Age 61  
Director, Dusk  
Wealth: \$15 million



## LEAD FROM BEHIND, SUPPORT YOUR STAFF

**F**OR GREG MILNE THERE'S A SIMPLE formula to building a successful retail business: "Listen to the customer and give them what they want. If a brand loses its way, you're not listening to the customer."

Milne spent 40 years in retail working for Myer, Grace Brothers, Dymocks, and as president of United States-based Sunglass Hut and later the Walking Company. He's also worked for several retail companies developed by billionaire Brett Blundy from Bras N Things to candle retailer Dusk, plus a period as chief executive of Brazin, once a publicly listed holding company of Blundy's.

Brazin was delisted in 2007 after a tough decade. Blundy now chairs the private BB Retail Capital, under which many of the retail brands such as Bras N Things now sit.

Milne says a lot was learned from the Brazin experience. At one point there were shared services for all the brands. "As soon as we went private we split the brands up."

Milne met Blundy in 1991. He went to work for Blundy at Bras N Things but later left to turn around Sunglass Hut in Australia. He moved to work in Sunglass Hut's US operation where he became president shortly before the retailer was acquired by Luxottica.

Afterwards, Milne returned to Blundy's operations and held different roles including managing candle retailer Dusk, in which he

acquired a personal stake. For Milne, it was never just a candle business but one selling ambience and an experience to customers.

As with other executives who have worked with Blundy, Milne says a good retailer is about creating theatre in stores and entertainment and excitement around a brand, as well as getting staff behind it.

Milne, who retired from executive roles last year, says he shares a similar leadership style with Blundy. He believes the customer is most important, followed by store team members with management at the bottom: "My style was to lead from behind and be there to support staff and be totally involved with the product."

## 'GIVE ME AS MUCH MONEY AS YOU'RE PREPARED TO LOSE'

**F**OR THE PAST THREE DECADES, TRACEY Blundy has had one rule in her career: what got you there, won't keep you there. "It's a constant reminder to me that I have to continue to develop and learn and educate myself. It's not easy to keep up with a business that has grown at the speed we have," she says. "I remember having days thinking, 'Could we just stop learning for bit.' Because the growth was so big, I was continually being given a role I didn't think I was ready for."

Blundy is talking about BB Retail Capital, which was founded by her older brother, Brett, now a billionaire who is considered one of the country's most talented retailers.

BBRC began with one music store in 1980, which became Australia's biggest music retailer, Sanity Entertainment. BBRC no longer owns Sanity, but it owns or has substantial stakes in many well-known brands, among them Bras N Things, Adairs, Dusk, Lovisa and BridgeClimb. It also founded and built the \$1 billion listed property group Aventus, in which it retains a one third stake, and is a significant cattle station owner.

Blundy began working for BBRC when she was still at school, as a part-time casual in the music business. By the age of 22 she was full time at Bras N Things, which was set up in 1987. She was one of the bra business's first investors and put in \$100,000 she had

borrowed from the bank at 17 per cent interest.

In a decade, Blundy worked her way up the ranks from store manager to area manager, then state and national manager to general manager. Eventually, she became Bras N Things chief executive in 1995.

Ever since, she's had skin in the game with almost every business BBRC has built or invested in, except Adairs, even at times when she didn't know what she was buying into.

"Brett rang me up one day and said: 'You should give me as much money as you're prepared to lose and I can't tell you anything about it.'" She took the leap. The business was the hugely successful BridgeClimb, whose largest shareholder is founder Paul Cave.

Blundy says she's always had a passion for managing people and believes this is where her strength lies, as well as her deep knowledge about the retail industry.

After taking time off to have children and also a brief stint as Sanity chief executive for a year from 2004, she now works as a board director. Her directorships include Lovisa, BBRC and some of its cattle companies. She recently stepped down from the Aventus board.

Blundy says the reason BBRC group has been successful is because of her brother's vision and a talented team that always believes in continuous improvement of the businesses they manage and themselves. "We're all doers and not talkers. We're always up for it; we slayed that dragon. What's next?"

Age 50  
Director, Bras N Things,  
Lovisa, BB Retail  
Capital, B&D Agricultural  
Investments  
Wealth: \$15 million



# TRACEY BLUNDY

## BLUNDY'S 10 CULTURAL COMMANDMENTS

**9. TRUST.** Act in a manner that instils trust. **10 INTEGRITY.** Operate with honesty and integrity. Never tolerate a breach of integrity. **10 + 1** Do it now. Everything we do, we do with a sense of urgency.