

BusinessOwner

BUSINESS PLUS

Energy site gives power to people

Josh Robertson

FINDING cheap deals on everything from hotel rooms to plane tickets, car rentals, health insurance and even pots of beer — online comparison services are an idea whose time has come.

But for Queenslanders right now, perhaps none is as timely as Switchselect.com.

In spite of last year's deregulation of the state's electricity market, households face across-the-board power bill hikes in line with cost increases borne by generators.

Enter Switchselect, Australia's first "online energy broker" and the brainchild of 20-something entrepreneurs Leon Hayes and Steven Glover.

The South Brisbane-based company gives consumers free real-time comparisons of what different energy suppliers charge, based on a household's unique pattern of energy use.

If customers then wish to switch suppliers, they can do so via the site.

Switchselect thus earns a small administration fee from the winning supplier.

"It's all free information, it's just that customers don't have the time or the desire to find it themselves," co-director Leon Hayes says.

"We've done that for them." Mr Hayes, 26, and business partner Steven Glover, 29, met while working as recruiters for an agency selling energy supply contracts in Britain.

Britain, which became the world's first deregulated elec-



BEST deal . . . Steven Glover, left, and Leon Hayes run website switchselect.com, which allows consumers to shop around for the best retail energy supplier. Picture: Tim Marsden

tricity market in 1996, boasts a dozen online energy brokers, the largest of which is listed on the London Stock Exchange.

Mr Hayes and Mr Glover returned to Australia last year intent on providing a similar service, with their home state on the verge of deregulation.

Having launched on January 17, Switchselect remains the only local service of its kind.

"I guess it's just been about that, who's first to market," Mr

Hayes says. "We believe that we are the market leader and it's now our determination to stay there and keep providing to the public what we said we would."

Initially, the young duo faced "a lot of resistance" from some of the larger energy suppliers deeply committed to their own marketing campaigns, Mr Glover says.

"Some of the bigger companies don't want to be com-

pared and they maybe got a little bit scared because of how successful and user-friendly the site is," he says.

The pair is now confident of having convinced suppliers their comparison service is complete, accurate and up to date.

Switchselect serves all deregulated energy markets nationwide, and also offers information on "green energy" and choosing suppliers with appropriate carbon offsets.

Signs of the times

- Volume of businesses on the market up 46 per cent on the same time last year
- Trend is to higher volumes and lower prices
- A shift to listing properties for sale online
- Increased listing volumes reflect businesses listing in several categories as they struggle to attract buyers
- Average price for businesses, traditionally



expressed as a multiple of earnings, down slightly on the previous quarter

- Smaller businesses could consider a merger

Source www.bizexchange.com.au

Cheaper buying but beware of the traps

Claire Heaney

BUSINESS owners looking to bail out face a shrinking demand for their businesses.

A combination of oversupply and a shortage of credit for potential buyers, accentuated by the enduring subprime fallout, are disrupting exit strategies.

The latest BizExchange Index reveals the number of businesses on the market is up 25 per cent on the previous quarter and sale prices are down 5 per cent.

BizExchange chairman David Bird says that the results from the December quarter indicated "softer" prices.

"It is looking a bit softer at the moment . . . it might be an oversupply rather than a shortage of buyers and buyers might be waiting and seeing," he says.

According to BizExchange, the drop in business values and jump in listings is bigger at the smaller end of the market.

"It is not unusual for businesses with a turnover of less than \$500,000 to be

selling for values that represent less than their annual earnings."

Mr Bird says if the economy takes a downturn and larger companies cut staff some of those will seek to get into business using their payouts.

He says people would "buy themselves a job".

The December-quarter results show a reduction in the number of hospitality businesses for sale.

Mr Bird says sometimes people go to cafes and restaurants with "rose-coloured glasses".

"They are harder businesses with long hours, long weeks and they stay for a shorter time."

He also says that in a climate of oversupply it is important that business owners put the time and effort into getting their business in good shape.

"My advice is to make sure you have planned (any sale) as thoroughly as possible."

He says it is also important for vendors to be realistic about the return from their business.

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FAST MONEY

Sumo on top

A BRW poll has named franchise SumoSalad as the No.1 food retailer in the country. It was also named the second-fastest-growing franchise by outlet numbers and the third-fastest by revenue. Founded in 2003 by 20-somethings Luke Baylis and James Miller, the Sydney company boasts of its healthy product offering, affordable entry costs and higher return on investment for franchisees. SumoSalad has 10 locations in Queensland, with seven more in the works.

Payment insured

TEN suppliers and contractors to fallen Sunshine Coast builder Real Property Constructions will recoup about \$2.5 million in unpaid debt thanks to credit insurance. This represents 90 per cent of the money owed to them, says broker NCI. Credit insurance, which protects against non-payment by failed builders, is widely used by suppliers to the industry, says NCI state manager Terry Duffy. But sub-contractors are far less likely to insure against bad debts. "They say, 'it'll never happen to me', but they're



DOMINATING the competition . . . SumoSalad founders James Miller and Luke Baylis.

not treating it as a business," he says.

Green alarm

SOME businesses face tens of thousands of dollars in added annual costs under the State Government's proposed hikes in environmental charges, warns the Australian Industry Group. AI Group is "alarmed" by proposals that could see firms in

industrial, energy, commercial or "intensive animal" sectors pay up to \$61,000 a year for each site. This would be the charge for some metal-working firms that at present pay \$16,000 a year, while some chemical manufacturers would see their site charges rise from \$5800 to \$52,000 a year. Boilermakers who now pay nothing would fork out up to \$15,000 a year under the proposals.