

Entrepreneurs learn the importance of people skills

*The SME forum in Melbourne provided some useful hints, reports **Geoffrey Newman** April 02, 2007*

YOUNG Tasmanian entrepreneur Kirsty Dunphey had an early lesson in what a lack of people skills could mean for a budding entrepreneur.

She had started managing a hotel early in her career and due to her tendency to want to 'micromanage' every aspect of the running of the business, by her own admission, all her staff quickly upped and left. "All my staff quit after two weeks," she said.

That was an early lesson in the importance of management skills for a woman who started a real estate business at the tender age of 21 and would go on to be named the Telstra Young Businesswoman of the Year in 2002.

"Working on my management and leadership skills has been a real development for me," said Dunphey, who was a keynote speaker at The Australian's SME Forum in Melbourne yesterday.

John Walker, managing director of national car hire company Thrifty Australia, has also learnt the importance of managing people to building a successful business.

"Relationships are everything," Walker told his audience of aspiring entrepreneurs.

However, that doesn't mean he's a romantic when it comes to business relationships.

He can't afford to be, as a player in one of the country's most competitive industries.

He once sacked a senior manager who was not working out and was effecting the performance of the people below him. The manager asked for a few months to wind up some projects he had been working on. Walker gave him until 5pm.

"That might be ruthless but I'm protecting a big business with a lot of people." Walker said. "Holding on to customers is very important."

Despite this, Walker said he has mellowed over the years and learned more about the importance of building a team. Now, he said, he would not necessarily hire the person with the best technical skills and instead might choose someone who was not as talented but a better team player.

An ability to relate to people - both staff and customers - and how and when to delegate emerged as key skills for successful entrepreneurs at yesterday's forum.

Dunphey described how important differentiating her business from others was to the success of M&M Real Estate, which started life in Launceston.

At first, she and her business partners simply went out into the marketplace and surveyed customers about what they liked and disliked about the service they got.

"Most people can always pick something you could have done better," Dunphey said.

Mirroring a tactic used by real estate entrepreneur John McGrath, she would turn the process of handing over the keys to a new homeowner into a marketing tool.

Dunphey described how she would put on a show for the new owner when they went to pick up the keys on the day of settlement, bringing all the office staff together to congratulate the new owner, giving them a hamper and flowers and even banging a gong in the background to mark the occasion.

It might sound too cute for words, but Dunphey said it made the experience memorable for the owners and the positive word-of-mouth the business received was worth it. Photos were used in the agency's marketing.

She also sought out media coverage wherever and whenever she could. "I would send out a press release if I got up and had new underwear on," she joked. "Courting this relationship was very powerful for us."

Walker also stresses the importance of differentiating oneself in the market, particularly important in an industry where the five majors are essentially providing the same service. He said he gave up trying to be the price leader and instead focused on the brand.

He decided that Thrifty should change its signage and logos and "own" the colour blue. The idea was that when customers saw blue, they would think Thrifty.

The very different backgrounds of Walker and Dunphey show that while the passion for people seems to be an essential skill of business owners, many skills can be developed or bought if they are not innate.

Dunphey grew up with entrepreneurial parents and started her first business when she was 15, while Walker grew up on the wrong side of the tracks in the disadvantaged Victorian town of Moe and considers himself a "reluctant entrepreneur".

The common thread was that both had learned how to delegate and, in their words, surround themselves with talented people.