

SE Entrepreneurs
HD How I built Roses Only, why I sold it, and what's next: founder James Stevens
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WC 1,911 words
PD 13 February 2014
SN BRW
SC BRW
ED First
LA English
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For James Stevens, the sale of Roses Only in Australia and New Zealand to Jack Singleton's FlowersCorp is only the end of the beginning.

Stevens retains the right to the Roses Only brand and owns the associated domain name in every market outside Australia and New Zealand and he has big growth plans for Asia.

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This Friday will be the second Valentine's Day for Roses Only Singapore and by the evening of February 11, the business already had 50 per cent more orders than the previous year. "I'd like to think we may triple our revenues of last year," Stevens says. "Of course it's a new market so that's not dissimilar to the trading history we had in the Sydney market when Roses Only started."

Stevens says Hong Kong is the next port of call and he is also exploring opportunities in New York.

"I am very proud of founding the business in Australia but I also think it's got significant legs outside Australia," Stevens says. "I'm very bullish about Asia and in the future, plan to be investing a lot more in Asia. We're partnering a company based in Singapore, Hong Kong and Kuala Lumpur [in a 50-50 joint venture]."

Roses Only also has a UK business and partners Moyses Stevens, which runs concessions in Harrods, but Stevens describes this as "peanuts" compared with Singapore. He has maintained a go-slow policy in the UK because of the sluggish economy there and in Europe more generally.

Stevens says he is also open to opportunities in Australia, even in the flowers business. He declined to comment on BRW's estimate that the price tag for Roses Only Australia and New Zealand was around the \$30 million mark.

"I really can't talk to that at all," Stevens says. "We're not into talking about money - we've always been a private business, a private family and that didn't matter to us," Stevens says.

FlowersCorp, which is partly owned by John Singleton's son Jack Singleton, plans to run Roses Only alongside 1300Flowers and Fast Flowers. BRW revealed the news about the sale and Singleton's plans for the business on Thursday.

Generational change

The reason for the sale was personal. Stevens had started the business with his father, who died from cancer in November after 11 months of illness.

"My father sadly passed away on 10 November last year, which is really one of the main reasons the business was sold," Stevens says. "When we were approached by Jack and FlowersCorp, my advice to my father as a shareholder was to accept the offer, so my father prior to his passing knew exactly what his shareholding was worth, which was very important to me. We just wanted to know that there was a line in the sand, because in business you just keep going and going and going."

Stevens and his father established Roses Only in 1995 but the family association with floristry goes back another 30 years. Stevens was going to the flower markets and helping with the buying from the age of five.

"Dad had started the Town Hall Florist back in 1964, so it was a family **business** that started in Town Hall station from very humble beginnings and had a number of flower shops in railway stations over the years," Stevens says. "In 1995 I established Roses Only and brought Dad into that as well. Being a close-knit family, we didn't look at the finances too much but I had his infrastructure support, there were flower shops already there and buying power already there.

Stevens did a degree in accounting and finance at the University of New South Wales but always worked in holidays, throughout school and university. He always knew he wanted to be involved in **business** but did not know that it would be in the flower industry until he spotted the opportunity.

"I lived and breathed flowers from the age of five and there wasn't an outing or a meal around the table that wasn't about the **business**, whether it was staff issues, or quality issues, or landlord-tenant issues. That's what I grew up with."

How RosesOnly became an online **brand**

Roses Only started with a store in Chifley Plaza in Sydney in 1995 and had a few other stores, some of them his father's florists with new branding. But bricks-and-mortar retail expansion was never the long-term plan.

"We wanted to create a **brand** that would never be at the mercy of landlords," Stevens says. "It predates internet, so it wasn't for me about being an internet **business**, it was about being a **brand**. Let's assume the internet had never been created, we would today be a **business** with a huge call centre taking telephone calls and executing work in the same fashion that we did in years past."

Roses Only set up online in 1999 because Stevens saw advantage in being an early mover into e-commerce. It was the height of the dotcom boom and the **brand** benefited from the market exuberance about the internet.

"It was an exciting time but by virtue of being there and wanting to be a part of it, you naturally got a leg up because other big brands like telcos were all looking to use other brands to get their **brand** up," Stevens says. "I recall a television campaign from Optus back in the late '90s that had ourselves, a **company** called dStore, a **company** called Wine Planet and a **company** called Wishlist. It would have cost a bomb but Optus funded it to showcase brands they had on their portal. We got a lot of marketing and publicity for free just by being around at the beginning."

It was all upside for Roses Only – the dotcom bubble burst in 2001, but it had no effect on the **company** because it had outside investors and was profitable. Consumers didn't stop using the internet just because the sharemarket was in the doldrums.

Stevens's ambition was to build a big consumer **brand** known for quality and he likes to describe Roses Only as "the Tiffany's of flowers". The quest for quality – including the longest stems and biggest heads – led the **company** to start importing product from Ecuador, Columbia and Kenya. He also points out that roses are a seasonal in Australia and are only grown year-round in a few places with altitude near the equator.

Diversifying beyond roses

The original plan was literally roses only, with at most fine Champagne or chocolates to be **sold** alongside. The first diversification came with other flowers because Stevens realised that if you could pack roses in dozens, then you could do the same with gerberas or tulips.

"What I liked about this **business** was that it was measurable and you knew that if you got 50 orders of a dozen roses, you had to **buy** 600 roses or perhaps you had to **buy** 650 to allow for quality control," Stevens says. "Whereas with a traditional flower shop, you went along and just bought and hoped for the best and hoped that customers would come along and **buy** what you thought would sell. You were typically stuck with a lot of product and wastage."

In 2005, the **business** created Fruit Only because they spotted a gap in the market and had systems already in place given that it was already in the **business** of perishable goods.

"Fruit is not as personal a gift as flowers; you can give it to a man, you can send it to a hospital, it can be a corporate gift, whatever," Stevens says. "The other big thing is that our biggest spikes were Valentine's

Day and Mother's Day for flowers ... but Fruit Only gave us the opportunity to leverage off the Christmas spike for the first time."

Hampers Only started a few years later to help increase the Christmas spike and then expanded into pampering and baby ranges. Stevens says he had received hampers as a corporate gift beforehand but was unimpressed by the quality and frequently left the contents out on the kitchen bench for his staff to take home.

Stevens says he does not plan to develop Fruit Only and Hampers Only outside Australia. He says brands like Harry and David in the United States and Harrods or Fortnum and Mason in the UK already serve that niche well.

"It would be arrogant for me to think I could go and replicate that overseas but what I do think we can do well is roses," Stevens says.

Despite his **business** expansion overseas, Stevens has no interest in relocating.

"This is home, I'm a proud Australian, my children are growing up here and are schooled here and I've got no desire to domicile myself elsewhere in the world," he says. "I'm also open to opportunities here."

Advice for entrepreneurs

1. Don't under-estimate: "I recently said to someone that it costs three times as much and takes three times as long to do what you think you're going to do," Stevens says. "So whatever you think you need in capital or time, think three times more."

2. Don't be arrogant: "One of the things I like to think I'm not is complacent or arrogant about the marketplace, because a lot of people think it's a lot easier than it is. People I've seen come and go have invariably been arrogant; arrogant towards their suppliers, arrogant towards their staff, and arrogant about their ability."

3. Remain independent: Stevens and his father retained a 50 per cent shareholding each up until the time of the sale. The **business** was funded out of cash flow and, on occasion, debt and Stevens believes this is preferable to taking on equity investment.

"I truly believe that if you can't fund things yourself then don't do them. I think you need to be able to start things on your own first and not be looking for other people's money," Stevens says. "It's fraught with danger – I've seen too many people getting diluted and diluted and diluted and getting their direction swayed by the other people's money because [the investors] want to have their input."

4. Give back: He believes supporting a good cause also makes good **business** sense. Roses Only, and Stevens personally, have supported the Leukaemia Foundation and more recently the Australian Breast Cancer Foundation, both through in-kind support for fundraising events and donations of time and money.

"One of the proudest things the **business** did under my stewardship, and I hope these guys, maintain it, is that it's always been a charitable **brand**," he says. "That to me is our legacy and people would come into our **board** room and nothing made me prouder than having a thousand certificates of appreciation. And that's also how we grew because we were a feel-good **brand** not only from receiving it but also because we were gave it away."

5. Look after staff: "We were a family **business** and we managed to find jobs for everyone who wasn't kept on. It was good dealing with our people."

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