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Lindy Chen has built an importers' service business from nothing. Forget complicated marketing plans, she says. Just keep one thing in mind on the way up: thou shalt not borrow.

Quickcuts Upstart

Lindy Chen

28

FEATURES

36 They've got our number
Why we buy what we do

48 Balance of power
The flood levy found fractures in the complex coalition that keeps Labor in government.

64 A foreign exchange
How to get trade finance

70 TV or not TV
Report sheds light on the convergence of digital devices

54

Finance:
The Muslim way

Australia is tentatively moving to accommodate sharia-compliant financial products in its tax and banking system. That's good for the product providers and good for Australia's desire to internationalise its financial offerings.

UPSTART

STORY RACHAEL MCKINNEY
PHOTO DAMIEN BREDBERG

Recipe for growth

To cook up self-funded success in a China trade venture, take a frugal mindset, add language skills and sprinkle with persistence.

Lindy Chen, founder and managing director of ChinaDirect Sourcing, was newly single and living in Queensland when she set ChinaDirect up in 2005, using A\$2000 of her own cash, no laptop and cafes for meetings.

Based in Brisbane, ChinaDirect helps Australian retailers source, negotiate and facilitate the importing of products from China.

It will manage the tendering process, validate suppliers, obtain samples, negotiate prices, perform quality checks and arrange delivery for, among other things, kitchen and bathroom fittings, household furnishings, construction equipment, textiles and plastics.

With more than 15 years experience in international business, much of it gained with construction company CSR in Hong Kong, Chen's early attempts at going it alone included setting up a consulting business, Signosun, in Hong Kong with two business partners in 2001.

Chen came to Australia with her partner in 2002 but couldn't find a job. After a stint volunteering she studied Australian culture and history in 2003, before putting her CSR experience to use lecturing in international trade at a TAFE college in South Australia.

By her own admission Chen's business naivete contributed to the failure of Signosun, but the experience set the tone for her independent approach to setting up ChinaDirect Sourcing. As the business grew, Chen held on to that independence and says growth has been entirely self-funded: "I never borrowed a cent."

ChinaDirect employs 11 people in Australia and in China, and turnover has grown from A\$100,000 in the first year to more than A\$1 million last year.

In the beginning Chen employed a small team in China focused on building the supplier database, cold calling and using contacts from her time at CSR.

The team in China is now also focused on client delivery, with an operations manager, project



“CHINADIRECT SOURCING'S GROWTH HAS BEEN SELF-FUNDED, I NEVER BORROWED A CENT.”

officer and an administrative support team ensuring contracts are fulfilled. Chinese supplier numbers have grown from a handful to its current database of more than 30,000.

Chen also uses her China expertise to deliver business seminars, an effective strategy in generating publicity in Australia.

In the first year of business ChinaDirect Sourcing had six clients, says Chen. Today it has more than 400. Gross profit has grown from about 20 per cent in the second year to about 45 per cent today, she says.

As with many businesses that grow organically ChinaDirect Sourcing lacked formal processes,

but the completion of a recent systemisation project will bring uniformity to its operations.

Chen also aims to have doubled the number of employees to 22 by the end of the year.

In the next two to three years Chen also plans to employ a general manager, move to bigger premises and step away from operational management.

"I certainly want to let go more," she says, although her close control of the business suggests that will be a challenge.

This expansion will be supported by an increased marketing effort, although what Chen describes as a "simple one-page business plan" may mean some growth will still be left to chance.

Chen doesn't see outside investment being a part of that strategy in the short term, but she is confident there is scope for significant growth.

"China is the manufacturing heart of the world at this moment," says Chen.

"We only have about 2 per cent to 3 per cent of the current market here in Australia."

She doesn't rule out external funding to help her grow the business in the future.

But since ChinaDirect Sourcing was Chen's avenue to an independent existence in Australia, it is hard to see her handing over control any time soon. ■