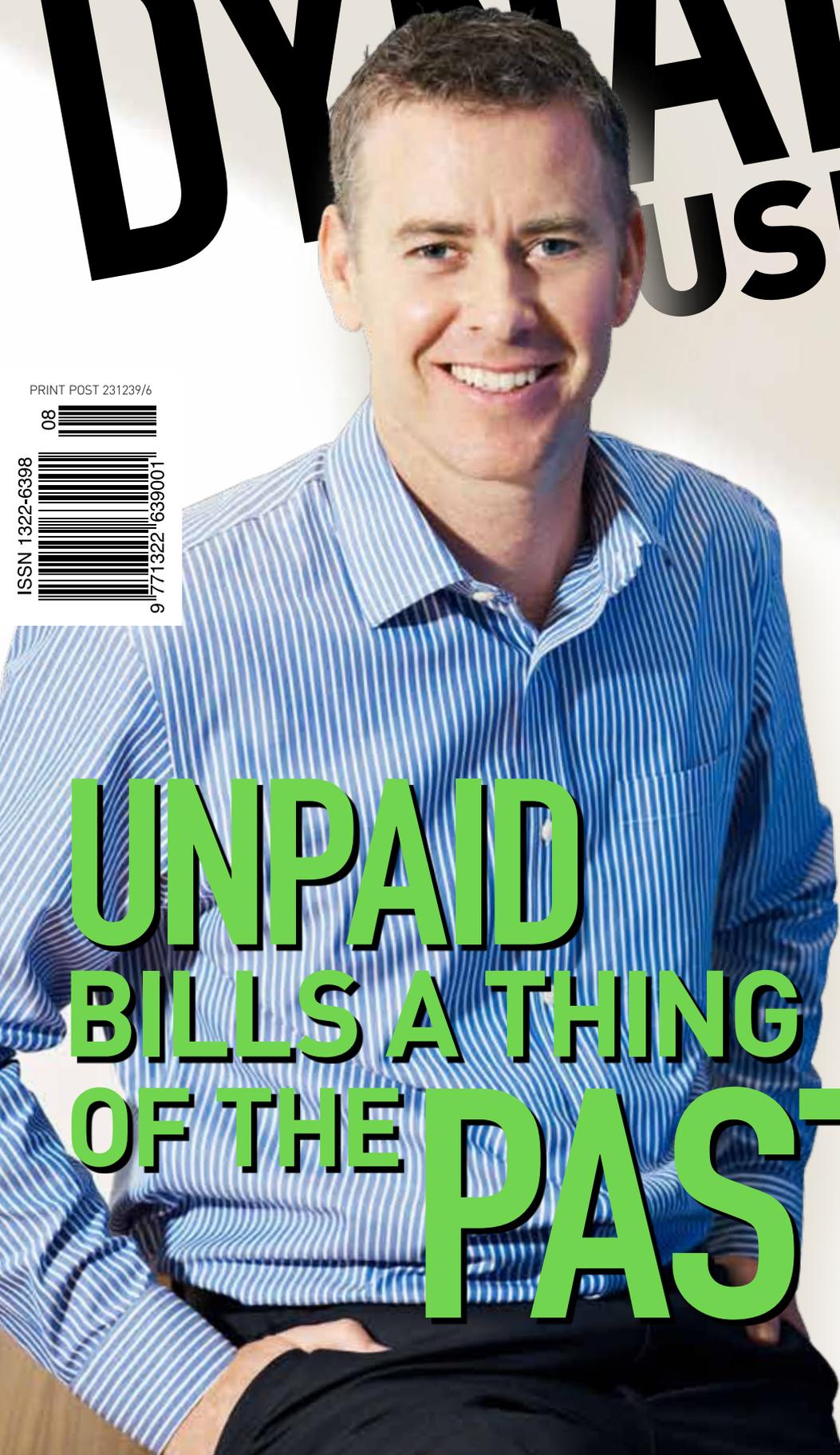
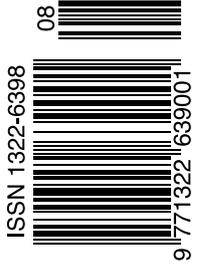


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## UNPAID BILLS A THING OF THE PAST

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COLIN PORTER  
TALKS ABOUT  
CREDITORWATCH,  
AUSTRALIA'S NEW  
ONLINE BAD DEBT  
REGISTRY DESIGNED  
TO HELP SMALL  
BUSINESSES GET PAID



# THE GET

Sick of dealing with bad debt, Colin Porter launched a credit reporting service for small businesses. He tells JENNIFER BLAKE about dealing with debtors, bureaucrats and finding your space in the market.

# STARTUP HELPING SMES PAID

**C**olin Porter can spot an opportunity in the market a mile off. At just 12, he started shovelling snow from his neighbours' driveways. Soon his little pockets were weighed down with lollies and shiny pounds. Thirty-one years later, his eye hasn't changed, but the opportunities are different.

As the proprietor of a successful publishing business, Porter was sick of slow payers and non-payers impacting his cashflow. He found the procedures available to small business for pursuing bad debt costly, inefficient and ultimately, toothless.

"I hate hearing 'We've got to plan for bad debt in next year's budget'," Porter

**“I'd like to see this product sitting alongside the accounting program of every business. That's the dream”**

says. "Lawyers tell you to write off bad debt because it's too costly to pursue. Businesses know this, and continue not paying bills, knowing most debtors won't pursue it."

But bad debt can cripple a small business. "No matter how successful a business is, if they don't have cashflow they can't operate." Negative cashflow also hinders growth, Porter says, and that's quantifiable. "When I look

at my business, if I could get paid 30 days sooner, that's almost 10 percent more money in my pocket per annum I could be using to reduce debt or reinvesting into my business."

Porter looked for a credit reporting service that was accessible for small business. Finding it didn't exist, he set to work building a peer-to-peer credit reporting system from the ground up, pitched directly at small business. CreditorWatch launched in January this year, and in just nine months has attracted thousands of subscribers.

The online business charges subscribers a monthly fee to access default data posted by other businesses, allowing them to perform credit checks, monitor existing customers, report bad debtors and use the CreditorWatch logo on invoices.

It will soon add court judgements and bank default data to the searchable information available. "That will start drawing on the volumes of defaults from industry, adding to the peer-to-peer database to form a comprehensive reporting bureau."

With the primary purpose of exposing bad debtors, Porter says CreditorWatch's most valuable application is actually as a tool to get outstanding

invoices paid. "When a customer rings to say they'd been paid immediately after sending an invoice through to a regular slow payer with the CreditorWatch logo on it, it's immensely satisfying." He adds: "We're helping people with something I always wanted help with."

The ambitious startup has burst onto a scene where two players hold a duopoly.

Dun & Bradstreet and Veda Advantage both service big business and banks, but haven't successfully cracked the SME market, which Porter puts down to preventative pricing. He is confident the industry heavyweights are aware CreditorWatch exists, and probably wonder how his business plans to compete. But that's not his intention. CreditorWatch is pitching to a market where Dun & Bradstreet and Veda Advantage haven't made headway.

"I don't see it as a challenge, I see it as a huge opportunity to create a business alongside two billion-dollar businesses," Porter says. He cites everyone's favourite success story. When Richard Branson launched Virgin Blue, he said "No one could really fault Qantas, except for the price." The idea stuck with Porter. "We're not trying to create another Dun & Bradstreet of Veda Advantage for small business. We know roughly what small businesses are prepared to pay, and we know what information they need, so this is the raw product at a price they can afford."

Porter is proud of successfully breaking into an industry with very high barriers to entry, including legal and privacy concerns, access to data and dealing with bureaucrats at various levels. But it hasn't been easy. "There hasn't been a new player in the market in decades. All the organisations we're approaching for data don't have a process for new entrants. We're almost creating the wheel again."

Asked why he is able to deliver a similar product to the corporates at a much lower price point, Porter scoffs. "We don't quite have to make \$200 million profit each year." The CreditorWatch product is different, however. The bureau provides raw data to businesses,

as opposed to complex financial reports complete with analysis. “It’s purely ‘this business has not paid another business. Here’s a copy of the bill that wasn’t paid.’”

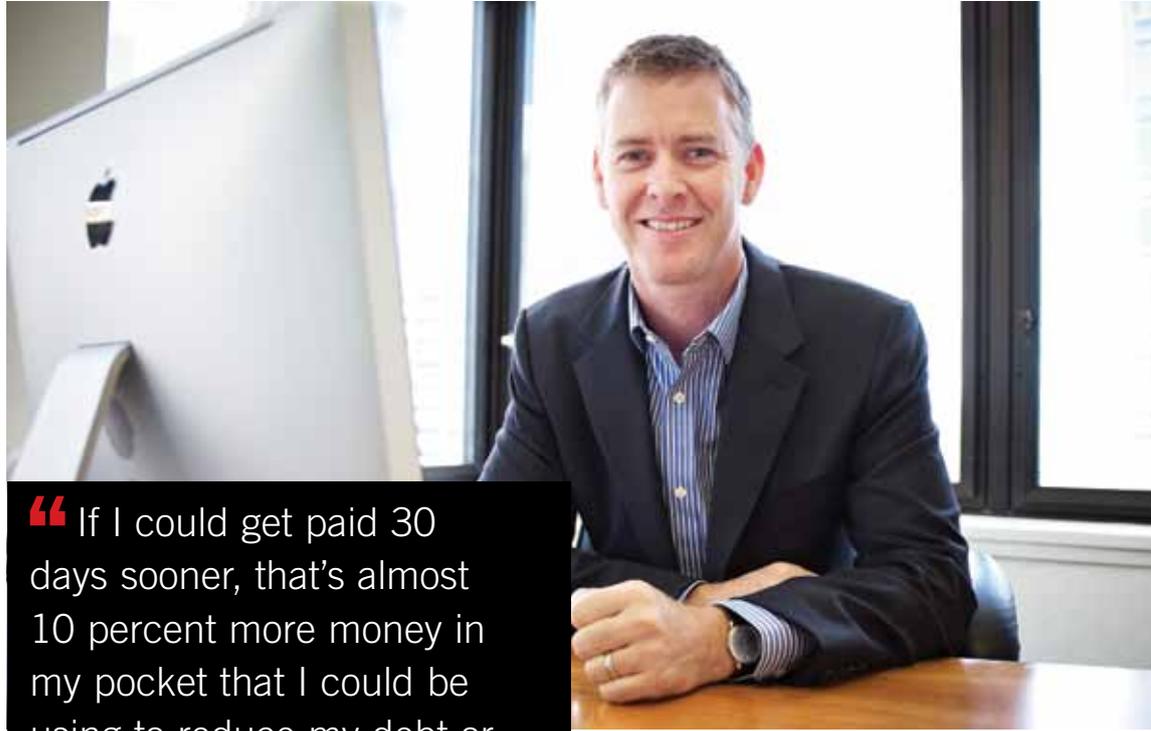
It took 12 months to bring his idea to fruition, and Porter is quick to credit his talented team. “The old advice of ‘employ the best people’ works. I had the idea and they created the business process, devising a model that works.” So far, Porter has funded the venture out of his own capital, but anticipates he’ll bring on a strategic partner in the future. In two years, he’s aiming for 30,000 subscribers and is targeting high risk industries with direct marketing..

The company has also invested heavily in advertising, particularly online and radio. “Advertising has been imperative to create the awareness, get people’s attention, motivate a customer to visit the website and join. We couldn’t have done it through organic word of mouth. CreditorWatch has to grow and grow fast for it to be successful.” Online advertising has cut out the middleman for small business, Porter says. “You don’t have to employ an advertising agency to work out what advertising works and what doesn’t. It’s easy for smaller businesses to effectively monitor which media works.”

### AN UNUSUAL BOSS

Porter is an unlikely success story. Growing up in the UK, he dropped out of school after Year 10, saying he’d learned everything he wanted to. He later studied marketing, because he could see its practical applications. But working in the printing industry for a number of years, Porter felt his entrepreneurship stifled.

“They tried to foster it, but like most corporates, they didn’t succeed.” Believing publishers had great lifestyles, lots of



“ If I could get paid 30 days sooner, that’s almost 10 percent more money in my pocket that I could be using to reduce my debt or reinvesting into my business”

lunches and made lots of money, Porter was inspired to strike out on his own. “It was purely based on being creative, not wasting time. If we had an idea, we’d review it for potential, and we’d get on and do it. We’d have an idea up and running before a normal company had written the business plan.”

While he’d hoped never to wear a tie again, Porter’s foray into the finance industry has seen that goal fall by the wayside. But the attitude remains. The 43-year-old strives to employ staff with similar ideals and foster a great workplace culture. “We have a culture within the business that breathes passion, enthusiasm, commitment and a desire to be part of it and take ownership. The people that have succeeded here care about their work as though it was their business.” In the same way, Porter has turned away clients (and lucrative contracts) that didn’t fit the culture and were unpleasant to work for.

Porter’s eye for opportunity has so far served him well, but he warns others about blindly pursuing an idea. “You can identify an opportunity where there’s a product or service that doesn’t exist, but you also need to make sure the market has a need and would want it.” Once you’ve established a need, don’t waste any time. “Get advice, don’t try and be a copycat, and employ great people.”

Nothing makes the father-of-two’s blood boil more than the overused work/life balance mantra. “What the hell is work/life balance? I’m sure some people work 20 hours a day, but that’s their decision. Either employ someone to help you, or know that that’s

your business.” Porter says it’s not conscious, for him. “You either have it or you don’t.”

### HELPING SMEs HELP THEMSELVES

Porter is outspoken about the failure of Government to help small business. “In my 12 years of being an SME, I can’t think of many times I’ve been able to identify something the Government has done that I’d honestly say ‘That’s great.’” He cringes when he hears politicians and small businesses talking about red tape. “I’m not exactly sure what they mean. There’s BAS and PAYG, but they’re just common accounting processes.”

He calls on the Government to take more responsibility with investigating insolvent trading and assist businesses to recover bad debt. “They do zip in this area. The Government should review the small claims court and make their judgements enforceable. Directors of a business need to be made responsible for debt. Right now, a proprietary limited company gets wound up and everyone walks away.”

Ultimately though, he’s not optimistic about Government getting involved. Which is where CreditorWatch comes in. “I’d like to see this product sitting alongside the accounting program of every business. You have to have accounting software, you have to have CreditorWatch.” That’s the dream, he says. “Use it as a daily resource. For less than the cost of phone rental, why wouldn’t you?” If that doesn’t convince you, Porter asks, “What did payment default cost you last year? How much more successful would your business be if all your customers paid on time, allowing you to get on and do what your business does?” **DB**