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FAST CLUB

ELEVATED TO NEW HEIGHTS

Demand for supply and installation of residential lifts is going up, up, up and taking Lift Shop's revenue with it.

Report: Georgina Dent

● Next time you visit a home fitted out with a private lift, don't bother batting an eyelid. Lift Shop founder and managing director Les Katz, right, says that whereas a lift was once a sign of extraordinary wealth, it is now no more extravagant than a landscaped pool.

"Anyone who can afford a pool with landscaping can afford a lift. Ten years ago, a house might have cost \$100,000 and a lift would cost the same. Now houses cost \$1 million and a three-stop lift is \$50,000. The relative value is amazing."

Demand for the supply and installation of residential lifts has secured Katz's business, which he started in 1996, a position on the past three consecutive *BRW Fast 100* lists. Despite tougher trading conditions, Katz says growth has continued.

"We're not quite at the end of the financial year but we're sitting on growth of about 67 per cent. Revenue is up to \$10 million [from \$6 million in 2007-08]. The growth has continued but we're seeing very different trends."

A broad product offering combined with strong fiscal management has helped Lift Shop capitalise on those trends. The company's growth has less to do with the market expanding, and more to do with its market share improving.

"Fortunately, we have a prudent financial policy and a 'lazy' balance sheet," Katz says. "I'm an accountant and I run the business numerically – things need to stack up."

"Having a lot of equity has now turned into a real strength. Revenue has grown because many of our competitors have failed or are in the process of failing."

The change in consumer buying patterns has been disastrous for suppliers with a limited product offering.

"Our competitors tend to be single-product companies – they have one



adequate mid-range lift solution. We're quite niche because we're the only home-elevator specialist in Australia with a genuinely wide product range."

Lift Shop sells lifts in four broad categories – high-end, premium, standardised and budget.

"We've always sold roughly similar quantities of each. The absolute top-notch technology is still booming – people with money still have money and they still want the very best. We've seen absolutely no change there."

However, below that level it's a different story as consumers hunt for the best value. "We've seen a big shift in buying patterns. Customers are definitely more value-oriented, they do research to look for genuine value. The mid-ground is really hurting as customers who might have bought a premium product are now looking for a better price point."

COMPANY

Lift Shop

FOUNDED

1996

FOUNDER/
CHIEF EXECUTIVE

Les Katz

TRACK RECORD

Fast 100: 2006
(ranked 46), 2007
(31), 2008 (82)

Lift Shop imports products from Italy and China to service two markets – construction in new homes and fitting out existing premises.

"For people building their dream home, they've usually paid a lot for the land and they want to take advantage of the views, and a lift permits them to have a level home even though it's three storeys," Katz says.

With longer life expectancies, a lift means people can stay in their dream homes for longer. "It certainly helps them plan for when their knees might go, particularly if they don't want to move. It's certainly cheaper than a real estate agent."

Developers, architects and builders realise the cachet attached to a private lift is a strong selling point.

"Property developers use a lift as a way of saying, 'this is better than your average property'," Katz says.

"Level access, private lift – it's become a big, trendy thing. The leading architects and builders are now aware it's not such an expensive inclusion but it's great from a resale and value perspective."

The small size of Lift Shop's products make them attractive, particularly in the retro fit-out market.

"We do quite small lifts because we don't move a big number of people, we're not trying to shift an office block population. It's about residential convenience," Katz says.

"Fit-outs are popular, particularly in public-access situations, where they're looking for limited mobility access into schools, for example. People try to find a cheap solution that takes a small amount of space."

Lift Shop opened offices in Perth and Brisbane earlier this year, but Katz is approaching the rest of the year conservatively.

"Our strategy is one of caution. When the market goes crazy, people start running around on their horses firing guns – and there's a tendency for us to say, 'Well that looks fun', hop on a horse and start firing guns too. Now is the time to stick to our guns."

It takes discipline, but Katz is determined not to get into "knife fights" with competitors over prices.

"Our policy has always been to make a small profit on everything and we need to stick to that. Our competitors are doing some uncommercial things with pricing – but we can't get sucked in." *BRW*