

# 'Benevolent dictator' beats the big lads

Network Video began with a flicker in the eye of its founder, Keran Wicks, writes Janine Perrett

**K**ERAN Wicks is used to defying the odds. Whether it was leaving school at 13, being sacked when she became pregnant or raising a son with a disability, this feisty 44-year-old has overcome adversity.

Professionally, she is unafraid to take on the corporate giants and rise to the challenges facing her business, Network Video, including the regular warning that the industry is under threat of extinction.

"For the 24 years I've been doing this, every year there is some threat or challenge to rental. And one thing I'm absolutely sure of is that consumers love renting, they love being able to go down to their local store and see the range," she said.

When the North Melbourne teenager left school she started out pumping petrol but soon found she was a good salesgirl and ended up managing a group of dress shops.

In her early 20s she ran a chain of sheepskin shops, but was sacked after the owner found out she was pregnant. She was to have been the first test case for anti-discrimination laws, but the company settled with her beforehand, albeit for a paltry amount.

"So I was three months pregnant and out of work and I thought I can't sit down and do nothing so I got a part-time job in a video library, as they were called back then," Wicks says.

"I wish I could say I had the vision to know it would take off but it was just that I needed the work."

After her son was born, she earned money by selling second-hand videos to the shops that opened as the video boom took off. Her first small business began out of the boot of her car but within two years she had opened a warehouse.

After the birth of her second son, and the discovery that her first had ADD and was possibly bipolar, Keran scaled back her business, closed the warehouse and worked from home.

In 1991, she decided she could make money by opening her own video rental shop in Kew, which she called Little Monster Video in honour of her energetic boys.

"Down the road from me was a franchise and I was bigger than that store and turning over much



Keran Wicks says she finds franchises — and their problems — restrictive and dictatorial and began her own chain of video hire shops because she believed there was a better way.

more but they were buying much better than me because they had a shingle out the front with a known name on it," she says.

"I thought this is just wrong so I got 12 retailers together and I thought if they can do it we can do it. I look back now and think how ignorant we were, but we simply didn't want to be franchised."

"I look at franchises now with all their problems and find them very restrictive and very dictatorial and I thought there's a better way to do it."

Network Video has grown to encompass 400 shops around Australia. While names such as Blockbuster and VideoEzy still dominate the landscape, those affiliated with Network have retained their independence and gained the advantage of combined marketing and buying power.

"Our point of difference is that we're in the rental business and franchise operations are in the franchise business," Wicks says.

"So we are very much in tune with our members and listen to

what they think and decide on things like marketing in conjunction with them."

While she admits Network has to operate as a "benevolent dictator", the attraction is that within that structure they still have the autonomy to run their shops as they want. And unlike franchises, they pay a flat fee to Network not a percentage of turnover.

Network has 15-18 per cent of the market and while Wicks believes the market is near saturation point, she still picked up 40 new shops last year. NSW remains a tough market for growth but elsewhere the arrival of DVD has been a boon for smaller operators.

"We're seeing a number of large stores close down and revert back to small corner stores which has been made possible because the transition to DVD has made it easier to get more stock into a smaller space," she said.

"Where you used to have 400 square-metre stores you don't need that any more and so you don't need the large overheads."

That doesn't mean the huge franchise chains aren't an ongoing challenge. "I call them McVideo — they're category killers," she said. "It's frustrating the deep pockets they have. I wish I had half the money these people have to spend."

Wicks says Network is savvy with its marketing budget, using television advertising, digital marketing, sports promotion and internally is now doing much more virtual marketing, electronic networking and sending email newsletters.

Keeping up with new technology is one of the most critical challenges for Wicks but not just the new generation of hard-coat DVDs or mini-discs for customers.

"It is making sure it pays for itself and justifies itself," she says. "I want to make sure whatever we spend is automating and streamlining our process."

One huge dilemma is unreturned videos and late fees, which can cost up to 10 per cent of turnover.

#### CHALLENGES FOR NETWORK VIDEO

- Keeping industry relevant in face of external threats.
- Competing against huge franchises.
- Keeping up with technology, and ensuring value for expenditure.
- Dealing with late fees.

"It's a massive problem for the industry and we have to be quite aggressive about following it up even though we get criticised for it," she says.

Wicks stresses the biggest issue she faces is countering the perception that the industry is in demise.

"I think our biggest challenge is making sure that rental remains relevant and making sure that you don't forget that rental is a great option. The challenge for me is keeping ahead of the game just as it has been for the last 20 years."

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