

The electronics business

The car radio business was booming, and in 1972 Dick decided to branch out. The new business involved selling electronic components. These are the parts which go to make up various pieces of electronic equipment. People would come to Dick Smith Wholesale, as it was called, in order to buy parts.

The business had been operating for only a few months when it ran into trouble. Dick admits that he had become overconfident. The people he had employed to manage the company left, and he discovered that \$18 000 worth of stock had been stolen. This was a devastating blow. Dick was advised to close the business and declare himself bankrupt. This would mean that he would only have to pay 50 cents in every dollar that he owed to the friends who had lent him the money. As a result they would lose a lot of money. But

Dick Smith couldn't do this. He said, 'I couldn't face meeting people I owed money to.'

Dick's solution was to keep selling car radios until he had paid off all his debts. He worked hard and within 18 months had paid his friends. The electronic components business had nearly failed, but Dick felt that he could make it succeed if he worked really hard. He certainly preferred this kind of business to the car radio business. In fact he liked it so much that he eventually closed down the car radio business and concentrated on making the components business work. This was how the company Dick Smith Electronics began.

Dick Smith Electronics a success

Whoever had stolen stock from Dick Smith Wholesale and destroyed the business had actually done Dick Smith a favour in the end. The failure of that company taught Dick a lot about himself



Dick Smith

By 1975 there were three Dick Smith Electronics stores.

and about running a business. Within a very short time his new company, Dick Smith Electronics, was selling millions of dollars worth of equipment. Dick developed many new products. His business expanded and he opened more electronic stores. Dick put a huge picture of his face outside each one, establishing himself as a readily-recognised symbol of quality electrical components.

By 1975 there were three Dick Smith Electronics stores and sales were growing. The number of people Dick employed was also growing steadily. Nevertheless Dick liked to feel that he knew what was happening in each of his stores. He kept track of sales by writing each week's takings and wages in an exercise book. He knew though that although this system worked for him, it would not impress

anyone who might be interested in buying the company if he decided to sell. Imagine handing a potential buyer a bundle of exercise books and saying that this was the record of how well the company was performing. He knew that the system would have to be computerised in order to impress a potential buyer.

Eventually Dick Smith Electronics reached a stage where Dick decided that he didn't want it to expand any further. It was getting too big. The executives of the company couldn't believe that he didn't want to take advantage of further



Success

'My success comes from copying people. I would never meet anyone, a businessman or a grocer, without asking them how they run their business.'

opportunities for growth. But Dick felt that he had done as much as he could. The challenge had gone out of building the business and there were other things he wanted to do. However, he let the executives go ahead with their plans for expansion while he went off to seek adventure. It was still his company though and he couldn't help worrying about it. This constant worry led him finally to sell Dick Smith Electronics.

Selling the business

In 1982 Woolworths bought Dick Smith Electronics. At the time it was turning over more than \$50 million a year. When asked why he sold the company, Dick said, 'Dick Smith Electronics got too big. There were 500 employees. I didn't know them all. I didn't like it any more. I was sitting in an office making heaps of money but not enjoying myself. You see, I'm an adventurer and I need a challenge. I could see then how you could fall into the trap of just being greedy.'

Having sold his company Dick put his money into industrial buildings and office blocks to ensure that he had an income. The sale freed him to do the

things he really wanted to do.

There is no question that he had been an extraordinarily successful businessman, but he does not see this as the most important measure of success. 'I gauge success as being in a position to do what you want to do. So you can have a successful person who doesn't have any money, like maybe a park ranger.'

One of the secrets of Dick's success is no secret at all. He is happy to declare that he owes a great deal to other people. He freely admits that his success comes from copying other people. 'I'm always prepared to copy good ideas', he says. This is the best way to learn. His recipe for success is a simple one. Seek advice, find out what works and what doesn't and approach the task with passion and enthusiasm. He says, 'I never had any problems in saying to older people "Hey! You've probably made every mistake there is to make, can you give me a few suggestions so that I won't make the same mistakes!" Communicating well is essential as is surrounding yourself with competent people. Most importantly, don't be afraid to show your enthusiasm for what you do.'