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Toy Story

Beans and garbage have paved the path to success for **Manny Stul** and his innovative toy company **Moose Enterprise**

► **FOCUS** // COVER STORY

Let's be honest. Nearly every kid wanted to work at a toy factory at some point while they were growing up. In fact, until they are old enough to read *Charlie and the Chocolate Factory* and consider a career change, many children would happily take up Manny Stul's position in a heartbeat.

As the chairman of Moose Enterprise, Stul oversees a company that is making big news in the toy industry since the release of Trash Packs – soft rubber collectable characters based on garbage.

When Stul is asked if making toys is as much fun as it sounds, his answer is simple: "Yes."

But while the job title might seem like a dream to many, Stul admits that he fell into the position by accident after retiring in 1995 from his giftware company, Scansen, which he founded in 1974 and took public in 1993.

"Moose came across my desk as an investment, and the intent was for my investment to be passive but things went wrong with the partners I was involved with," he recalled. "I bought them all out and stepped in to run the company."

Admitting that his due diligence wasn't as strong as it could have been – he was faxed 400 pages of figures to his hotel room but he couldn't read it, so he relied on the analysis of his brother-in-law – Stul said that he stepped into a company in deep turmoil with a messy company culture and poor systems.

"There weren't too many positives in terms of the way the company was being run," he said.

"In a very short period of time all the staff changed – it wasn't pretty. It was a very small organisation that wasn't doing big turnover. We changed the culture, and changed the way we did

things – the company became far more ethical.

"The staff had a lot to do with it, because with a change in staff we changed the attitude and the whole way we operated and got into genuinely developing innovative products."

After enjoying moderate success with a toy called AquaSand, Moose hit the big time when it launched Mighty Beanz, a small collectable based on the traditional Mexican jumping bean. Stul said the toy was the joint brainchild of business partner Jacqui Tobias.

"Mighty Beanz established us," he said.

"Mighty Beanz is a collectible based on the old Mexican jumping bean, which is the catalyst for the shape, only this has a small stainless steel ball inside.

"It has a really weird rocking motion. I actually used to play with the real Mexican jumping beans as a kid, and while there have been a lot of people who have had the idea of using these beans, no one has been able to successfully translate it into a commercial success.

"We re-launched it two years ago and it was bigger than the first time. We have an established brand now that we can bring back.

"There is no hard and fast rule for what will be successful. Most of the ideas early on came from us. All of our current successes, and we'll have four product ranges on television in the US next year, are all our own ideas."

Stul also credits fellow director Paul Solomon, who oversees the company's exports, as having a brilliant mind for product development. He said this ability to deliver on products was critical to the company's impressive performance.

"Most people have good ideas, but very few have the ability to translate them into a commercial reality. That is our forte," he said. "If you ask me what our core competency is, that would be it. We can take something from nothing and all we need is that spark and then it can be turned into a commercial reality very quickly."

So what is the latest idea to be turned into reality? Meet the Trash Pack, a



collection of "gross" creatures that come in their very own trash can.

"Out of the box this has been a bigger hit than Mighty Beanz was," Stul said.

"We gave Toys R Us an exclusive in America for Christmas 2011 and next year we have all the retail chains on board - WalMart, Walgreen, Target and Kmart. It is a phenomenon over there - it's already one of the top 15 toys with Toys R Us

"What surprised us was when we started having a look at the people blogging, there was a tremendous number of girls. With Mighty Beanz we knew it was around 30% girls collecting them, but the Mighty Beanz weren't as gross."

With a distribution network across 75 countries, Moose not only designs and delivers toys, it also runs a sophisticated

television offering to support each product.

"Everything we produce we go to television with in-house, which works out to roughly 30-40 TV productions per year," Stul said.

"With the overseas customers it has taken a while to develop the right sort of relationships with them, which is again based on credibility and ethics. Because we go to television with every product we deliver, we have to go to the bigger companies which can afford the quantity to justify the TV expenditure in those countries."

Stul said that this process was becoming easier.

"We don't have to find them, they come to us," he said.

"I don't say that in an arrogant way: in this industry the product is king - if

you have something hot, they will find you."

So what are the challenges of overseeing a company delivering thousands of toys worldwide? Finding the right people, Stul said.

"The growth that we have experienced is unsustainable without the right people," he said.

"One of the problems of finding the right people is ensuring they are engendered with the right culture. I say this to everyone who joins us: as much as we may look very relaxed and casual and colourful, and there is a lot of laughing and joking, we are very good at what we do. We have to be. As much as we give the impression of sitting around the office in casual clothes, you have to be exceptional at what you do and you need to be able to deal with pressure. »



☒ **AT A GLANCE:**

Name: Manny Stul

Position: Chairman
Moose Enterprise

Headquarters: Melbourne

Revenue: \$100 million plus
in 2010/11

Growth: 60% year on year

We have a very low tolerance for incompetence or ineptitude. That intolerance doesn't necessarily come from us as the owners, it is often from the co-workers.

"We have a fantastic team and it is a pleasure to come to work. I make sure these days I interview everyone, not so much for their ability but for their personality, to ensure they fit in with the culture. We have had some incredibly qualified people come to work for us with great references and impeccable backgrounds and they were a nightmare to work with. Culture is very important."

Moose employs 70 people in Australia, with another 75 based offshore in Hong Kong and China. Together with a strong understanding of the company culture, Moose staff are also fully versed in the company's unofficial rule: don't lie.

"Honesty and integrity are very important," Stul explained.

"I try to ensure that whoever is in my organisation doesn't lie to whoever they are dealing with. You don't want to be trying to remember who you said what to – it's such an easy trap to fall into. In the cut and thrust of the business world there is a lot of pushing and shoving that goes on to achieve a certain end – I try to make sure that everything we do from top to bottom is done on an ethical basis.

"I'm originally from Perth. When I started my gift company I had no knowledge. I worked on a rig for seven months to earn enough money to start the business. When I started the business there was no one to show me what to do, I had to do everything myself. I had to understand selling, accounting, packing – I did my own packing for three years. One thing I learnt very quickly as I was setting this up was never to lie. I never

wanted them to catch me out – once you have lost someone's trust you have lost them forever. Your integrity and your word mean everything, because people know that if you say something they can believe you."

This adherence to ethics has paid off for Moose, which recently secured a strong deal for an upcoming product launch on the strength of its word.

After founding one company and turning another around dramatically, what words of advice does Stul have for others on their entrepreneurial journey?

"Crawl before you walk," he said. "Do your research, do your homework and don't assume anything.

"Listen and learn from people who you intuitively trust. I would also say don't go spending up big on grandiose ideas. It's so easy to do a spreadsheet and business plan and do all these projections. These spreadsheets are like an accordion – you can have them as wide or as narrow as you want and you can juggle the figures to say whatever you like. But you need to dip your toe in the water before you go in boots and all – going boots and all is a recipe for going broke.

"You need to really know your market. We have done some research for some things where we were all going in different ways, and we thought we should test it to see which path to take, but overall we just rely on ourselves to do our own research.

"When we develop a product it costs us hundreds of thousands of dollars, so we would all have to agree wholeheartedly before getting to that stage. At that point, we believe it is going to work."

But while the figures for Moose and Trash Packs are exciting –

the company has sold 10 million and expects 2012 sales figures to top 100 million, contributing to revenues of more than \$100 million last year – there are moves into new products which Stul predicts will be even bigger. And the competition is watching.

"We have got to the stage where we are being watched very closely, and I am reluctant to talk about some things because we will be knocked off – even by some of the bigger companies, which is a disgrace," he said.

"We have another girls program which we believe will be bigger than anything we have ever done – every single person we have shown it to has fallen over backwards for it. It's called Stika Lulu – it's going to be massive."

While Moose makes "99.99%" of its money from toy sales, Stul says the company has previously been involved with licensing for the Mighty Beanz range – and Trash Packs is already starting to generate a buzz, despite its recent launch.

But Stul maintains that the key to the company's ongoing success will be the products that it develops, and looking around the company's offices in Melbourne it is easy to see why.

There are toys literally everywhere, and computer screens flicker with fun animations and scary-looking monsters just waiting to be turned into the next collectable, TV commercial or website. But it's downstairs in the company's show rooms that the real fun is to be found. As the team from *Wealth Creator* walks around the room we take the time to play with each toy – often spending a little bit too long in front of each display.

It turns out that it's not just children who would love to work in a toy factory. **W**

