

Profile: Michael Norster, co-founder of Australian Energy Limited (Powerdirect)

Sustainable Wealth

Entrepreneurs shouldn't just leap from deal to deal, says bright spark Michael Norster who recently moved from electricity to telecommunications. Entrepreneurs should be more about delivering a sustainable business scenario.

Helen McCombie reports.

When you think of an entrepreneur, you tend to think of a person who builds a business from nothing, creates an empire and then rules supreme as the company grows and prospers. But one Australian entrepreneur has a different view of how his business should be run.

Michael Norster, 39, co-founded electricity retailer Australian Energy in 1997 and currently owns 19 per cent of it but, after being very hands-on for seven years, now has no day-to-day role in the running of the company. Norster made his debut this year on BRW magazine's Young Rich List (a ranking of the country's 100 wealthiest people younger than 40) with a personal wealth of \$13 million.

"Officially I had the chief operations officer's role, so I did all the operational stuff from contract closure to collection, and for a time I did a business development role. If the truth be known with start ups you do everything and I have done everything – and I mean everything – from cleaning the toilet to doing treasury function with the bank," he says.

Australian Energy started life as an electricity broking business. After building a base of customers through bulk electricity agreements with trade associations, Norster and his partners branched out by obtaining a retail licence in Victoria in 2000, then listed on the Australian Stock Exchange in 2001. Last year, Norster departed the executive team believing the company had enough turnover, enough profit and enough diversity in terms of customers and staff

to be a self-sufficient, successful operation. He outlines his approach to managing.

"Usually I start pretty close to the business. I will add as much value as I can and then gradually fade back, unless I think the business can really benefit from me having front-line involvement. So I take a very pragmatic approach. If I think the business is going to benefit in a maximum sense from me being the MD, being out in front of it etc, that's the role I will take on. If I think the business is going to benefit from other people running it, and me being in the background or having even not much at all to do with it, then that's the role I will take."

Norster was always ambitious, although those who knew him at Monash University, where he studied science/law, might not have recognised the mark that he was going to make in the business world.

"When I got out of uni, they thought I was a pretty average person who had done a couple of degrees and was just headed into a profession to melt into the background."

The initial choice of law as a career was partly driven by what his father did. "Dad's a lawyer and there was a bit of parental influence I think. I did science law, and I did it on the basis that it was a career that would teach you to think, it would teach you a bit of logic, a bit of discipline and you know, to be fair, it did somewhat give me those skills," he says.

But after seven years as a lawyer Norster decided there were better things to do.

"I was a solicitor who specialised in telecommunications and information technology law. I got sick of the law and sick of the politics and sick of the personalities, working my guts out for no money-type arrangements. So I looked hard at deregulation, what was going on in terms of what was being deregulated, and I saw that after the telco industry, the Victorian government was deregulating the market in a staged fashion. I thought, what the heck, everybody needs electricity and if I could take advantage of the deregulation why not."

After success in the electricity sector, Norster has entered the telecommunications industry with a venture which has similar marketing principles to Australian Energy. Miracom Telecommunications, launched in August by Norster and business partner Chris Kuperman, offers bundled voice and data services to companies in capital cities.

CONTINUED OVER PAGE



Corporate Accountability Conference 2006: Enhancing Accountability in Corporations: Prospects and Challenges

8-9 February 2006

Novotel Hotel, 270 Collins Street, Melbourne

Presented by the Monash University School of Business and Economics
and Department of Business Law and Taxation, at Monash University

Keynote speakers

Hon. Justice Murray Kellam, Justice of the
Supreme Court of Victoria, Australia

Professor Anita Anand, Visiting Olin Fellow in
Law and Economics, Yale Law School, USA;
and also of the Faculty of Law, Queen's
University, Kingston, Ontario, Canada

Professor Laura N. Beny, University of Michigan
Law School, USA

Papers on a wide range of topics will be
presented by scholars from a variety
of disciplines and from across the globe.

Sponsorship opportunities

Organisations are also invited to sponsor the
conference. Sponsorship opportunities include:

The option for your organisation to display its
services or products at the conference

Advertisement of your organisation's goods
and/or services in conference brochures

Display of your organisation's logo on the
conference website, in the proceedings,
brochures, programme and other conference
advertising material

Expression of gratitude to your organisation in
the preface of the conference proceedings

Adoption of a conference lunch or dinner

Register now!

Registration form and details can be found at the conference website:

www-personal.buseco.monash.edu.au/~corporatecrime/index.html

 **MONASH** University
Graduate School of Business

For further information contact:

Dr Gerald Acquah-Gaisie

E-mail: Gerald.Acquaah-Gaisie@BusEco.monash.edu.au

Phone: +61 3 9902 6620/+61 3 5122 6620

Fax: +61 3 9902 6524/+61 3 5122 6524

**“When I got
out of uni they
thought I was a
pretty average
person who had
done a couple
of degrees
and was just
headed into a
profession to
melt into the
background.”**

FROM PREVIOUS PAGE

Miracom will use Kuperman's Joint Internet network,
bypassing the more expensive Telstra network.

“I've gone into business with Chris Kuperman
who has been running an internet service provider
for about 10 years. It's a business grade network with
only SME customers. Miracom is going to focus
on SME customers. What we do, we leverage off all
that wholesale power that Joint Internet has got,
and we put a sales and marketing face (pretty much
like Australian Energy or Powerdirect) on something
that is already operating and we expand it quite
considerably. We expand it in a fashion where we can
actually deliver the price and promises that we make.”

Norster has a surprising take on the
telecommunications industry. While the major
players complain about the fierce competition, he
has a different view, finding it a breeze after his
struggles with electricity.

“Electricity has been bloody hard. There is not
just a money barrier to entry, it's full of nasty
competitors and regulation and I must say I am
finding telco an absolute holiday. People say
telecommunications is very competitive and it has
been done over. Well that is rubbish quite frankly.
With new technologies coming in, my personal view
is that Telstra will struggle for a period of time and
with those circumstances coinciding in a market
where there are reasonable commercial terms and
it's mature in a regulatory sense, I am just finding it
a dream, it's delightful.”

Norster has been branded an entrepreneur, a
label he doesn't mind, but has particular views
about what the word stands for. “Entrepreneurs
I believe are born not made and I think there are
some very different sorts of entrepreneurs. There's
what I call the crazy sales and marketing guys,
who just do deal, deal, deal, and it doesn't matter
what the deal is or whether it is supportable or
makes money or whatever, and I think they give the
word entrepreneur a bad name. But it ranges back
to people who are bit more interested in putting
together sustainable wealth. I happen to think if I
am branded an entrepreneur, people see me more
as the person providing a sustainable deliverable
wealth scenario or business scenario, and somebody
who is a person of good reputation and integrity.
Reputation is very important to me,” he says.

The big issue for the people running Australian
companies at the moment Norster believes is coming
to grips with technology and how it will affect the
way that business is done.

“I think that the biggest issue that current
management – baby boomers around early 40s to
65 – faces is coming to grips with the proper and
efficient use of technology. I am nonplussed with
certain baby boomers. I think they have got tickets
on themselves and they overrate their own ability.
There are a lot of people in the States who have said,
and I agree, that the internet as a commercial tool
hasn't really got going yet.”