



**DOMENIC CAROSA**  
DESTRA CORPORATION

# FORTUNE COOKIE'S SWEET ADVICE

*Hiring people who are better than you pays dividends. Peter Switzer writes*

**M**ANY small business "fast grower" aspirants ultimately learn that when it comes to big ideas and dreams, you have to be philosophical about defeat. That's just how the cookie crumbles.

However, Domenic Carosa, co-founder of Destra Corporation, had a unique brush with a cookie, which explains his company's success.

"When I was young I went to Hong Kong and had a fortune cookie given to me," he recalls. "It told me that I was jack of all trades and master of none — I was insulted by that fortune cookie.

"It took me a few years to work out that this was exactly what I am."

He knows himself better after 16 years in business.

"I understand reasonable amounts of sales, marketing, IT and finance, but I hire the masters in these areas," he admits. "As the late Kerry Packer always said: 'Hire people who are better than you', and I agree with that."

His "jack of all trades" status has not hurt his business progress with Destra Corporation, a publicly listed company, which has recently seen the likes of Lachlan Murdoch and Paul Ramsay's Prime TV take notable stakes in the business.

In plunging more than \$10 million into the organisation in 2007, Ramsay, Prime's chair, explained the move and underlined Destra's potential: "We believe that Destra has developed a unique and highly attractive business model in the digital marketplace, which will represent an important component of Prime's digital strategy in the future."

So, how did Domenic Carosa create this business success story?

In case you have the wrong idea, Carosa is not really a propeller head, though he has had his head and cash invested deep in new technology.

From his first real business in 1992 — called High Score Video Games in Melbourne's Camberwell — to his publicly listed Destra Corporation, this is a guy who understands his Generation X and the one below — Genera-

tion Y. It means at the core of his success is knowing how to do what great business aspire to do — satisfy demand. However, when you have been in the hi-tech space since the 1990s and you still are, then it means you have rolled the dice and won, while many others have been taken to the cleaners.

That said, the path to business success has not been a piece of cake.

Prior to the tech wreck in the year 2000, Carosa and his sister, Anna, were experimenting with a variety of businesses until they settled on Destra.

"We were involved in software and CD compilations of software before internet downloads — 1000 programs on one CD and things like that," he says. "We built an interface to make it easy to use."

Carosa thinks technology for a lot of people is more complicated when it should be making life easier. Their competitive edge was to take something that was complicated and make it simple.

The success in the 1990s meant they listed in May 2000.

"We listed on a Friday and on Saturday morning our time, the US market crashed," he says. "If we were a day later we would not be here. However, our share price did fall from 35c to 20c in one day."

The business was based on a digital music offering at MP3.com.au, where Destra acquired licences to sell music from major record companies.

"But record companies were opposed to giving third parties content because they were suing Napster at the time," Carosa says. "On top of that, the online ad market — now worth \$2 billion — had collapsed. If we kept going down that path we would have gone broke." On what he calls "Black Monday", he had to retrench some 30 people. "I felt depressed for many weeks," he says. "However, I was also happy that I had saved the company."

He knew Destra was too ahead of the curve, being before iTunes, and

to survive he retreated to a safer business.

They were also running a small web-hosting company — Destra Hosting. Despite the setback and the switch to caution, they dreamt big.

"We set a 'Big, Hairy Audacious Goal' to become one of the top three web-hosting operations in the country," Carosa says. "Through acquisitions and aggressive organic growth we became the second-biggest behind Web Central — it was great for cash flow." But in the background they kept their digital music aspirations on hold.

With time and better broadband, digital music took off and the online ad market recovered.

"Timing is critical in business," he says. "By 2005, the time was right and so we sold our hosting non-core assets and went headfirst into media and entertainment."

During the past two years, Destra has become the largest independent record company and video/entertainment company in Australia. Now it is all about building communities or attracting eyes via the internet and other media.

The strategy has three parts. First, Destra creates or accesses content. Next, it builds communities of customers using websites such as Planet X for extreme sports enthusiasts. And finally, it monetises these assets through sale of content and placing advertising within the content.

It's a new world with new rules and Carosa and Destra Corporation are netting the profits of understanding the online space and its communities — especially the Generation X and Y ones that spend a hell of a lot of time in it.

Given his achievements and the profound insight of the Hong Kong fortune cookie, it was arguably the fortune cookie Domenic Carosa had to have.

Peter Switzer is a founding director of Switzer Business Coaching ([www.switzer.com.au](http://www.switzer.com.au))



## UPS AND DOWNS

**1993:** At 19, Domenic Carosa founded Sprint Group with his sister Anna.

**1998:** Created MP3.com.au.

**2000:** Listed Sprint, now called Destra, on the ASX.

**2001:** Black Monday. Restructured the company after the dot.com crash — retrenched 50 per cent of the workforce

**2003:** Created the second-largest virtual hosting company through a series of acquisitions and organic growth.

**2006:** Sold off web hosting business for \$19 million.

**2007:** Acquired 20 per cent of Quickflix and 10 per cent of film production house Beyond.

**2007:** Content deals with MySpace, Cinema Now and FremantleMedia.



Change of attitude: Domenic Carosa says that he was insulted by a fortune cookie that told him he was a jack of all trades and a master of none, but he accepts it was right

Picture: Michael Pelton

## THE INSIDE STORY

REGARDING the cost of getting the best people, Domenic Carosa accepts that everyone in small business watches every cent, but he argues that skimping and taking the second-best in talent can be a false economy: “If you pay peanuts, you get monkeys.”

Carosa is a great believer in mentors. “I always chased mentors and people with grey hair,” he says. “I knew I had to learn more.” He looks for mentors and puts himself in good company.

“Mentors have been critical to my success,” he explains. “I was member of the Young Entrepreneurs Organisation, which now is called the Entrepreneurs Organisation. I was also in TEC — The Executive Connection — and I’m now in the Young Presidents Organisation.”

He swears by learning from people in the business.

“Business is business no matter what business you are in — it’s often the same challenges of people issues and finance,” he advises. “Peer group mentoring is great.”

Did he follow the rulebook and start with a business plan? “I had no idea what a business plan was — I was too eager to just do it,” he says. “I did a whole six weeks of a commerce degree, but dropped out to run my business. I could have been an accountant.”

Did he have financial challenges? “Half a dozen times we nearly went broke,” he admits. “We were paying salaries on credit cards as the banks would never lend a cent without property.”

Did he do any business courses? “The Master of Entrepreneurship and Innovation at Swinburne University was the best course I have ever done — very practical and everything I

did was based on my business.”

A core strength? “I hate procrastinating — change is the only constant,” he insists. “I will embark on change for the sake of change. I have a view that complacency is a killer and if I’m not moving, there could be someone around the corner who could get to spot where I want to be before me.”

On being positive? “We have gongs and when someone does something positive, they hit the gong,” he explains. “I love sitting in my office and hearing the gong. That gets me going and I sometimes go out. In fact I almost always go out, and ask what happened.”

Any other Carosa inputs to explain the output? “To refocus, I do yoga three times a week,” he says. “It helps me centre myself and it’s great physically and also emotionally.”