

FN Arena Book Review: The Profit Principle

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The Profit Principle by Peter Fritz and Jeanne-Vida Douglas, Wrightbooks, 2010

By Rudi Filapek-Vandyck

I like the underlying philosophy that provided the framework for this book, and for one very specific reason: it matches what I have been preaching myself throughout the years.

Don't automatically do what everyone else seems to be doing, say both authors, because the herd is seldom correct. In this particular case, Fritz, who once upon a time founded IT services provider TCG Group, and Douglas, an award-winning business journalist, are talking business, not investing, but those who've read my stories and market analyses over the years would know there's really no difference as the same basic principles apply. The road to ultimate success runs via "flexibility", "adaptability", "constant analysis" and "persistence" - not via copying what the herd is doing already.

The book starts off by tackling the most common misconception amongst entrepreneurs and aspirant business builders: that one has to spend money first in order to build a successful business. Fritz and Douglas explain, while using examples from their own business contacts and from personal experiences, that spending money while hoping for returns later is more often than not the quickest way to business failure. No wonder most businesses fail within three years after inception. Get some customers first, they argue, and find out first whether your plans have any merits at all in the big and scary world of running one's own business.

Starting off on such a strong, anti-herd platform makes for an intriguing first few chapters, with lots of practical tips and ideas on how to reverse the herd-philosophy. Alas, once we "get" it, there's little more to keep our interest at the same level. The second half of the book offers merely continuation and repeats of the same theme and an overall feeling of fatigue gradually starts creeping in.

With titles such as "Let's not start at the beginning" and "How to remember something you never knew" the book is an honest attempt to provide aspirant entrepreneurs with out-of-the-box material to think about and, no doubt, many failures in the real world of daytime small business ventures could have been avoided had those entrepreneurs read "The Profit Principle" first.

Recommended Retail Price: \$24.95. Publisher Wrightbooks is an imprint of John Wiley & Sons Australia, see www.wiley.com

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