

Sweet scents of success

Salvatore Battaglia has a nose for business, writes **Fiona Purdon**

DRAW a breath and then imagine you're smelling the aromatic scents of basil, rosemary or garlic from an Italian family kitchen. Or the thick and sweet molasses smell of a sugar refinery.

It is not surprising that with such a smorgasbord of perfumes dominating his childhood that Perfect Potion's founder Salvatore Battaglia, pictured, followed his nose into business with aromatherapy and natural skincare products.

"I grew up with strong smells from the kitchen like those beautiful aromatic herbs such as rosemary, basil, oregano and garlic," he says. "As kids we helped out in the kitchen. I always loved the fresh tomatoes, peeling them and boiling them and we helped with making the ravioli."

"I grew up on a cane farm and the smell of molasses and burning the cane. While growing up on a farm I always felt close to nature."

Now Battaglia's nose is so attuned he can develop products from his large memory of natural scents, before then experimenting further in the laboratory.

For the first time the publicity reveals that his call to work with natural products started in Tasmania, when he was a fresh-faced 21-year-old on his first job — as an electrical engineer with the Tasmanian Hydro-Electric Commission's controversial Franklin Dam project in 1983.

He loved Tasmania's natural environment and is now grateful that the project did not go ahead.

"When I first saw the area that was going to be dammed, I thought 'Thank God that it didn't happen,'" he says. "It's the most beautiful area. If I hadn't gone to Tasmania, I wouldn't be here today. I got in touch with my true calling with nature."

When Battaglia returned to Brisbane he persevered with engineering for a few more years, but in his spare time he enrolled in acupuncture and naturopathy courses, which is where he met his future wife and business partner Carolyn Stubbin.

He started a private practice but then realised he needed massaging oils, so he developed his own oils which he made in his family's kitchen from the late 1980s.

His oils were so popular at the North Pine Country markets, on Brisbane's northside, that he quit engineering. 20 years ago to open his first Perfect Potion store at Elizabeth Arcade in the City in 1991, to the distress of his Italian parents, who have since been won over by their son's success.

"By the late 1980s I knew I had found my calling, although my Dad wasn't happy," he says. "He's proud of me now, but at the time he thought I was making a



I wake up in the morning and I can't wait to start my day

mistake. Even in my final year I knew I didn't want to do engineering but I didn't want to disappoint my parents.

"They didn't have a high school education, while I had a free university education and they were proud that I had gone to university and I tried to make the most of it."

"I went through a stage that I wanted to save the world and I couldn't do that with engineering. So I jumped into business and I had a lot of passion."

There are now 10 Perfect Potion stores Australia-wide and Battaglia is a co-owner of two in Japan, in Kobe and Kyoto. He employs 80 staff.

While Battaglia had limited business experience, his mathematical ability helped the business's accounting side, especially starting with a \$30,000 investment when he opened the Elizabeth Arcade store.

Perfect Potion now turns over \$8 million annually and despite the global economic crisis, Battaglia is predicting a 10 per cent profit. Perfect Potion is one of Queensland's top 400 privately owned companies.

Because of the tough financial times, Battaglia has consolidated his business, with concept stores now his main focus rather than exporting his products to individual stores where he has no control with display. It is also hard battling the international financial conditions, but Asia remains his target, with exports to Korea, Taiwan, China and Singapore.

He has also closed his International Centre of Holistic Aromatherapy training school because of government red tape, but also because he was "burning out". Now he has the time and energy to focus

on developing new ranges for his concept stores to "maintain the holistic feel".

"We are treading cautiously and we still have a strong cash flow," he says. "Our strength has been our own retail stores. I don't want to see our products on supermarket or department store shelves."

He is soon to release an all-natural sunscreen and hopes to have a make-up range ready in the next 12 months.

Battaglia has an affinity with Japan since it was the first country to approach him about exporting his products in 1998.

Perfect Potion has released a range of Japanese products based on the seasons to celebrate the one-year anniversary of the opening of the Japanese stores.

Battaglia created waves in the male-dominated Japanese business community when he went into partnership with a woman, Kiyo.

Having a female partner meant he was unable to get a bank loan in Japan, so he sourced financing in Australia.

His Italian legislation also forced a change in Japanese legislation when the government banned the use of patchouli oil in products this year. He says that 30 per cent of Perfect Potion's products contain patchouli oil so after a fortnight of discussion with the government the legislation was amended so that oil can be used in cosmetics.

Battaglia plans to expand his concept stores in Australia and Japan, where he hopes to open the world's first aromatherapy cafe. "Life is an amazing journey," he says. "I wake up in the morning and I can't wait to start my day by working on new ideas and projects and keeping my energy up. I love what I do."



Q&A
Noel Whittaker

Q We are saving for a home loan deposit (5 per cent) for a home value of \$350,000 with our own genuine savings. But we also have a credit debt of \$30,000 — with interest at 12 per cent. Should we pay off this debt with our savings and start to re-save a deposit? Or would you advise we get into a home now, and take advantage of the government grant?

A If you both have secure incomes, and you have found a house that you believe is a bargain, and you can find a lender who will give you a home loan, I see no reason why you shouldn't buy now, provided you are convinced you can handle the repayments. However, unless you can satisfy all the above conditions I suggest you save for at least a year.

Q I own a unit which is registered in my name only, as I bought it before I was married. My wife, child and I have just moved out of the unit and are renting a house while we save to buy a house. We are renting out our unit. I am a higher rate taxpayer, my wife does not work and pays no tax. I now have to pay tax on all the rental income as none is attributed to my wife, even though it is the only home we own. Can I transfer an interest in the unit to my wife without having to pay stamp duty again?

A Unfortunately you cannot rewrite history and if you do the calculations you will almost certainly find that the cost of transferring the property to your wife will be more than any money you would save in tax.

Q Is it possible to still receive the first home owner's grant of \$21,000 if you have received a piece of land as a gift and wish to build a new home? What are the tax implications for the person who gifts the land?

A You should still be eligible for the grant, provided all the conditions are satisfied, but check with the relevant authority to confirm this. The tax position for the person who makes the gift is something they should discuss with their accountant, because there may be capital gains tax to pay.

Noel Whittaker is a director of Whittaker Macnaught, a division of St Andrew's Australia. This advice is general and readers should seek their own expert opinion before making financial decisions.
Email: noelwhit@gmail.com

AMPP Banking
Term Deposits:

4.30% p.a.*
for 3 months

4.50% p.a.*
for 6 months

6.00% p.a.*
for 5 years

Call 13 30 30 or go to amp.com.au/banking

think **AMPP**

think smarter banking