

For any further information on this article please contact Michael Norrish on 0408 914 051

STARTING A BUSINESS FROM THE GROUND UP

Starting a business is not always easy and requires a lot of preparation and diligence to ensure it is done correctly and that nothing is overlooked.

Here is a suggested point by point list of the things you will need to consider both prior to and during the setting up phase. They are not (necessarily) in order of action.

- **Research your Business Idea**
 - a. Is the idea viable and profitable?
 - b. Will people pay you for your product or service?
 - c. What is the competition like?
 - d. Do you have sufficient start-up capital to commence a business?
 - e. Have you undertaken some true market surveys from complete strangers?
- **Research your market well**
- **Examine all and any Industry Statistics. e.g. IBIS, CCH Benchmarking, Google.**

Visit a Business Enterprise Centre (“BEC”) and seek their assistance in guiding you to the correct sources for information.

- **Ensure you do a full examination of all the competitors. Research them in depth.**
 - a. Who are they?
 - b. Have they been operating for long?
 - c. Are they successful?
 - d. Do they do any marketing? If so what?
 - e. If necessary, do some “secret shopper” stuff to determine their prices.
- **Establish a written business plan.**

It should include at least a two (2) year Profit and Loss AND Cash Flow forecast. A Business Plan will typically have the following main headings: -

- a. Executive Summary
- b. Mission and Vision Statement
- c. Background of Business
- d. Products and Services
- e. Management Operating Plan
- f. Markets and Marketing Plan
- g. Financial Plan (details of all assumptions made and including Break-Even and Sensitivity analyses)
- h. SWOT Analysis
- i. Objectives and Milestones
- j. Action (“To Do”) List

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Each main heading will typically also have various sub-headings depending on the type of business being commenced.

- **Develop (as part of the business plan) a complete and well researched Marketing Plan.**
- **Consider finance options if you need any start-up funds.**
- **Select and engage an accountant who will act as your financial and taxation advisor.**

He/she will also undertake your annual taxation returns. Negotiate a mutually acceptable fee structure.

- **Determine your appropriate business structure.**

Sole Proprietor, Partnership, Pty Ltd Company, Trust. The correct option for you needs to be discussed with your accountant.

If you decide on a partnership then you need to have a formal partnership agreement prepared.

- **Do you have a logo?**

Will that be standard on all your stationery? Business Cards? Letterheads, Invoices etc.

- **Set up your Pty Ltd Company correctly.**

If you select a Pty Ltd company (after you have discussed with your accountant) it is suggested that you get an experienced person to set the company up for you. That way, everything is correctly covered. Name, Constitution, Minutes, Share Registry etc.

- **Do you need a OH&S system?**

You may need to obtain an Occupational Health and Safety system if you are working on mine sites or similar sites where OH&S is a pre-requisite.

- **Do you need a Risk Management system?**

If you are going to be dealing with contractors and sub-contractors it is advisable that you develop a Risk Management and Safety Management plan to cover any contingency.

- **Do you have an ABN?**

Ensure you apply for an ABN. Are you registering for GST/PAYG? These can be done at the same time. (If your per annum sales value is less than \$75,000 you do not have to register for GST)

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- **Business Name Registration**

Make sure you Register your Business Name via ASIC if you decide to have one.

- **Home Office Occupancy Licence Required?**

If you are operating from a home office you need to check with your local authority as to whether you need any statutory approvals or home office occupancy licence.

- **A website is a great idea.**

Do you need a website? If so you need a domain name. If you get an experienced website developer to assist you, a lot of the pain can be taken away from you but of course you pay for the privilege. Who will host your website? How much will it cost? Your website developer should be able to provide you with an associated email address(s). It is far more professional to have your own email address rather than using (say) a Hotmail account.

- **Do you need separate premises?**

Or are you going to operate from a home office environment? If separate premises then a lease arrangement and/or purchase needs to be negotiated.

- **Have you determined your insurance requirements?**

Seek the input of a competent insurance broker (e.g. www.gibbscorp.com.au) to ensure all your insurance requirements are covered. Some of the insurances may be: - Public Liability, Product Liability, Professional Indemnity, Office Contents, Premises, Theft, Business Interruption, Vehicles, Personal Life Insurance, Income Protection etc.

- **PPSR and PPSA**

Do you deliver product to client's premises? See www.ppsr.gov.au which is the Personal Property Securities Register home page for more information on this very important matter.

- **Terms of Trade documentation**

You may need to have formal, legal and binding Terms of Trade prepared to ensure your clients understand exactly what you require of them. The Terms of Trade need to be worded to cover any goods you deliver to client's premises relative to PPSA/PPSR.

- **Accounting software**

What accounting software package is your business going to utilise? Xero (cloud based; MYOB etc. What training do you need to undertake the correct input? Do you need a bookkeeper?

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- **Staffing Requirements**

Are you going to engage staff? Ensure you understand your legal obligations. e.g. Employee PAYG; Superannuation Guarantee Contribution, Workers Compensation etc.

- **Networking**

Develop a connection with a networking group/club as that can foster good referral business.

- **Motor Vehicle**

Get clear advice on use of a vehicle. Is it in your name? Is it in the company name? If in the company name and it is used for personal use there may be a Fringe Benefits Tax factor! What method of record keeping do you need to implement for the vehicle? Talk to your accountant for the most appropriate methodology for your business.

- **Bank Accounts**

I recommend opening up three (3) bank accounts: -

- a. Personal account (do not use this account for any business purpose)
- b. Trading account (do not use this account for any personal purposes excepting for payment of your wages/salaries/drawings)
- c. Cash Reserve account into which you place all your GST (as you collect it), your PAYG (deducted from employees wages/salaries) and your expected annual Taxation Provision based on your forecast net profit.

Some useful websites for reference: -

www.asic.gov.au – for company registration and business name registrations

www.abr.business.gov.au – for ABN look-up

www.ato.gov.au/businesses - and then follow the links to ABN registration

www.ato.gov.au – for all business tax matters

www.business.gov.au – an informative site for all matters relating to business

www.businessadviceperth.com.au – a good site for excellent start up assistance and guidance

www.flyingsolo.com.au – an online community for people in business

www.smartcompany.com.au – an online business resource