

## 10 Steps to Starting a Business

### 1. **Be Patient!**

Take your time. The worst run businesses - and those that are more likely to fail - are those that are developed as a spur of the moment project. Don't rush your business and plan everything before you actually go out and start

### 2. **Conduct a Self Assessment of Your Own Goals & Abilities**

If you are going to be running your own business for the next few years, you don't want to do something you hate, don't understand, or aren't capable of doing properly. Work out your own strengths and weaknesses, what your experience is in up until now, and what you would like to do. And set your own goals (ie. 'to run this business as a one-personal operation for the next five years', or 'to make \$XXX a year") - so that you now where you should be heading.

### 3. **Buy, Start-Up or Franchise?**

Before creating a business from scratch, investigate the other options also available to you. For example, buying a business is usually more expensive to begin with, but can provide established premises, equipment and customers. On the other hand, franchising is an alternative form where a company will sell you established products, operating methods, and cut out much of the legwork involved in starting up. Consider these options and ask your advisers if they are better suited to you.

### 4. **Market Research**

Before you begin, you need to know whether there really is a demand for your service, that your product is right, and that there is room for a new business in the market. You will need to thoroughly examine your competition, study the industry, and collect as much information as possible about your customers, product, pricing, industry trends, and production/delivery processes. Take time to collect impartial and accurate information, not just feedback from family friends.

### 5. **Check the Statutory Requirements**

There are a wide variety of laws that cover small business in Australia, and it is your responsibility to ensure that you comply with them. You should contact the Small Business Development Corporation's Business Licence Centre to see what state and federal licences apply to you. This information is also available on the Internet. In three quick and easy steps you can see what licences apply to you and your business - [www.licence.sbdc.com.au](http://www.licence.sbdc.com.au). The Licence Centre can also help you lodge a business name registration, which is essential. Check with your local Council to see if they also have any by-laws affecting your business idea. These can relate to the type of proposed premises, zoning use, annual fees, and advertising restrictions.

You will also need to adopt a legal structure for you business. This can be as a sole trader (where you have all rights and liabilities), a partnership (where profits and responsibilities are shared), or a company (a more complex legal structure that owns the business and takes responsibility for it).

Don't forget insurance. Some aspects are compulsory (such as worker's compensation if you employ people, and third-party motor vehicle), whilst others are just good common sense (such as equipment insurance, personal accident and illness cover, and public liability).

If you employ any people, you will also have special legal obligations. These include an appropriate employment contract or award, taking out worker's compensation, occupational health and safety rules, keeping a wages book, and so forth.

## **6. Locate Suitable Premises**

You will need to have a business address. If this is at home, check that it's a suitable venue (for example, is there enough room, desks and chairs? Will the Council allow you to operate there?) If you intend to rent a building, proceed carefully. Make sure the premises are in a good location; suitable to your needs, and that you understand the lease thoroughly before you sign it.

## **7. Plan Your Marketing**

How do you plan to advertise your business? Sit down and work out the target audience (who really buys your goods), where they are, and what is the best media form to reach them. Then work out how much this will cost, how long you will use the advertising, and what message you will put in it.

## **8. Work Out Your Sums**

You will need to know the following financial projections before you start:

- How much money is required to start (for equipment & stock purchases, advertising, wages, insurance, leases, cars and other issues)
- How much money you will need to borrow, and whether or not you will be able to obtain that money (either from funds you already have, or through a financial institution). If you can't then you may have to reconsider your plans.
- What your projected cash flow is for the next year.
- The projected profit & loss for the whole year (this will show you if your business is viable).

You will also need to open a business bank account to keep your money in, and to establish a bookkeeping system (preferably in consultation with an accountant) for taxation and management purposes.

## **9. Use Professional Advice**

It is essential that you employ competent professionals who have specialist advice in key areas. These should include a solicitor (for any lease arrangements, contracts of sale, or other legally binding arrangements), and an accountant (for financial projections, record keeping, compliance with tax laws, and preparation of your tax returns etc.).

## **10. Prepare a Business Plan**

This is a document that should tie all your work in the above areas together, lay out your plans for the future, and act as a blueprint for the future. A good business plan will show whether your idea is viable or not. It will also enable other people to give you useful feedback on the viability (or otherwise) of your project, and help financiers work out whether or not they will loan you any needed money.