

Starting your Business Essentials

Get it right from the start.

If you decide to either start a business or buy a business you need to take into consideration all the positives as well as negatives of making that decision.

When you are starting up your own business there is a lot to think about:

Structure and registrations:

- > Develop your business plan and financial plan
- > Decide and understand the pros and cons of your legal structure – whether it is as a sole trader, partnership, company etc
- > Register for GST and PAYG, if applicable
- > Check with your state government and local council about the necessary licences or permits your business may require
- > Register a website domain
- > Review your personal insurance to ensure coverage if you become permanently unable to work.

Finances:

Your financial solutions will depend upon your business needs – for example your cash flow projections may indicate a cash shortfall for a period of time so the establishment of an overdraft to cover any temporary cash flow shortfall may be necessary.

You will need to be on top of the regulatory, financial and administrative requirements of the business – set up your financial record keeping system, including an invoicing system and cash flow tracking system. Failure to keep legally required record and payroll keeping systems can involve large penalties for non compliance.

Calculate Your Set Up Costs:

These include accounting fees, registrations and

licences, equipment and fitout and your initial working capital.

Prepare a Profit and Loss Forecast:

Prepare a forecast of sales and expenses for the next 12 months.

Prepare a Cash Flow Forecast:

New businesses can be hungry for cash to be able to service their customers – remember, these same customers can be slow to pay. This could result in a cash flow gap and if you are not prepared your business could be vulnerable.

Prepare a Break Even Analysis:

Once you have forecast your fixed costs you can then calculate how much revenue you need to break even and how much income you need to make.

Take into consideration the following:

- > It is not a nine-to-five job. It is hard work and success may take time. If your business doesn't make money then neither do you
- > There is no guaranteed income – if the economy slows so may your business
- > If your business fails then so may you. People risk homes and money to own a business
- > You can be your own boss
- > The harder you work the greater your potential income
- > If your business is making money you are off to a good start
- > If the business becomes established and has a good name and location you are on your way to becoming a successful business owner.